

CONTINENTAL SELLING PRICES: AUSTRIA Sd.13; BELGIUM Fr.16; DENMARK Kr.2.75; FRANCE F.2.20; GERMANY DM.1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.20; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50

## NEWS SUMMARY

### GENERAL

#### Bomb cache found: 2 held

Shire police have found a cache of explosives in a shed in the area of Southampton for its large Irish population. Two men were hidden in a store in the shed floor, one of whom was charged with possession of explosives. The other was charged with possession of a gun. The cache was found in a shed in the area of Southampton for its large Irish population. Two men were hidden in a store in the shed floor, one of whom was charged with possession of explosives. The other was charged with possession of a gun.

### BUSINESS

#### Swifter code for engineers' disputes

The industry has been without a code of practice for almost four years. The new code will be a swifter one, covering a wider range of disputes. It will be a swifter one, covering a wider range of disputes. It will be a swifter one, covering a wider range of disputes.

#### h songs

Police said: "The quantity of explosives found would be sufficient to make 80 lb of dynamite. The type of explosives used in the London bombing was of the same type as the one found in the London bombing."

#### e charged in sh hush' nap case

Men, aged 20 to 46, are charged with kidnapping Miss Kalogirou, an 18-year-old Cypriot student, Scotland announced last night. Miss Kalogirou was held captive for 10 days in a flat in London. The men are charged with kidnapping Miss Kalogirou, an 18-year-old Cypriot student, Scotland announced last night.

#### inco police est 30

General Franco continued to keep alive artificially, it is estimated that 30 more political prisoners of his regime were released during the weekend. The number of political prisoners of his regime were released during the weekend.

#### ys tune in head's secrets

Police said that schoolboys are listening to teachers' conversations in the school. The police said that schoolboys are listening to teachers' conversations in the school. The police said that schoolboys are listening to teachers' conversations in the school.

#### awler crew scued by RAF

RAF helicopters fought a way through a Force 10 gale to rescue six crew members of the stricken Belgian ferry, Damar, 20 miles east of Northwood, Yorks.

#### lefty ...

Police are to buy foreign motorcycles because spare parts are not available for three British machines. In Gloucester, a man is charged with possession of a stolen motorcycle. The police are to buy foreign motorcycles because spare parts are not available for three British machines.

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99	87	97	Crab
100	88	98	Crab

## Doubts at summit over strength of U.S. recovery

BY WILLIAM KEEGAN and ROBERT MAUTHNER

PARIS, Nov. 16  
In an important move to restore confidence in the world economy, President Ford assured the heads of the five other Governments attending this week-end's summit at Rambouillet that the U.S. economic recovery was well under way and set to continue.

The President's optimistic forecast was made in the course of an intensive session of talks, in which the leaders of the six big Western industrialised nations—the U.S., France, Germany, Italy, Japan and the U.K.—covered the general world economic scene, international trade and monetary matters, energy, and relations with the developing world.

The optimism here is not unanimous, however, and the British in particular have expressed concern about the sluggishness of the European economy, and the danger that the U.S. recovery may peter out.

Mr. Wilson called on other leaders not to reduce their budget deficits "precipitately" and urged that countries should be ready to act quickly to keep their economies on a recovery path.

Following earlier warnings that too much should not be expected of the conference, President Giscard d'Estaing said after the initial discussion of the economic situation: "I believe we can produce something concrete before the end of the summit. I am optimistic."

The conference is due to end at lunch-time to-morrow with a communique setting out a "list of principles" to which the six nations will undertake to adhere.

There is likely to be an affirmation of the countries' collective intention not to introduce

## Growth of money supply slowed down last month

BY ANTHONY HARRIS

THE GROWTH of the money supply slowed down last month after what was officially described as "erratic" high increases in the previous two months. The 4 per cent. cut in Minimum Lending Rate on Friday signalled the satisfaction which the authorities clearly feel about this development.

The narrow version of the money stock, M1, rose by only £9m. in the month to October 15, compared with £365m. in the previous month.

This shows a seasonally-adjusted growth of 19.8 per cent. over the past three months, well below the growth of money GNP, and showing little significant acceleration from the 18.25 per cent. rise for the full year.

There was also a slowing in the growth of the broadly defined money stock, M3, which is the more important of the two measures for official monetary policy, although it was not nearly as significant.

The rise was £320m., or 0.8 per cent. on a seasonally adjusted basis; the growth over the past three months, at an annual rate of 16.3 per cent., shows a considerable acceleration from the 12-month rise of 10.5 per cent. but part of this is due to an erratically high figure for August.

The underlying growth

qualified, because a major cause is a quite abnormal rise in private holdings of Treasury bills.

While this cannot be quantified on the available figures, the fact that the holdings of bills by the discount houses and banks fell by £209m. in the month shows that private buying was very substantial.

The Government's own borrowing requirement, described as "somewhat smaller than in recent months, though still sizeable," was also financed in part by the sale of Treasury bills.

This suggests that the take-up outside the market must have been at least £300m., and possibly substantially more.

On the other hand, would not have been affected. Since Treasury bills can readily be turned back into money on maturity some commentators are likely to conclude that a substantial part of the growth of M3 has been "brushed under the rug" for the time being, and that since the Government is still failing to finance an adequate proportion of its borrowing through the sale of long-term securities, the outlook for long-term interest rates remains bearish.

However, the authorities clearly hope that a good deal of the money invested in bills will be switched into longer-dated securities.

Continued on Back Page

## Castle attacks 'reckless doctors'

By Roy Rogers, Labour Correspondent

ON THE EVE of the declaration by the British Medical Association of whether its 19,000 junior hospital doctors have balloted in favour of extending industrial action in their pay dispute with the Government, Mrs. Barbara Castle, Social Services Secretary, yesterday hit out at the militant Junior Hospital Doctors' Association.

Speaking on BBC Radio's World at One "reckless disregard" for the interests of National Health Service patients shown by "this small unrepresentative breakaway group."

She was referring to the threats of nationwide sanctions with juniors working emergencies only, which followed a week-end meeting of the Junior Hospital Doctors' Association at which it was announced that a ballot of their own members had come out overwhelmingly in favour of widening the dispute.

That meeting also accused Mrs. Castle of getting her calculations wrong and suggested there was scope for meeting their pay demands without breaching the Government's counter-inflation pay policy.

It claimed that the amount spent on their overtime payments—which was now being redistributed under new contract arrangements—had been underestimated. It said that this, together with other overtime that doctors had not in fact claimed—and £6 a week increases under the Government's policy—meant that there was enough money to improve the contracts without breaking the policy.

But Mrs. Castle refuted these allegations, stressing that the doctors had 30 per cent. in 1975, and that the Government's policy was to increase last April and that under the policy's 12-month rule they were not entitled to any more in the current year.

Clearly pinning her hopes on the outcome of the BMA ballot to-day, Mrs. Castle spoke scathingly of the mere 1,500 votes cast in the breakaway group's ballot and declared her belief that most junior doctors were becoming "increasingly appalled by the language of this militant group."

But with several thousand doctors already imposing sanctions at more than 300 hospitals and militants preparing to press for a vote of no confidence in their negotiators at to-day's meeting of the BMA's hospital junior staff committee, continued unrest appears likely regardless of the BMA ballot result—and particularly if that result is inconclusive.

## Iceland talks go on despite gunboat action

BY WILLIAM DUFFLORCE

MR. ROY Hattersley, the British Foreign Office Minister of State, made it clear here to-day that British participation in talks on the Anglo-Icelandic fishery dispute would depend upon the British not further harassment of British trawlers by Icelandic gunboats.

Britain and Iceland moved marginally closer to agreement on fishing rights during the talks between the Icelandic Foreign Minister, Mr. Einar Agustsson, and Mr. Hattersley.

On the central issue of the size of catch to be allowed British trawlers in Icelandic waters, Mr. Hattersley is understood to have reduced Britain's opening bid from 130,000 tons to 110,000 tons a year, while Mr. Agustsson raised the Icelandic offer from 50,000 tons to 65,000 tons a year.

The two agreed to meet again informally to-night to prepare for a formal round of negotiations to-morrow.

Icelandic coastguard action against two British trawlers yesterday almost sabotaged the talks and set off a third "cod war."

Mr. Hattersley opened to-day's meeting by repeating the protest he had made personally to Mr. Agustsson after his arrival, underlining that he could not continue talks, if further incidents occurred. None has so far been reported, but the Icelandic coastguard also announced this morning that British trawlers had stopped fishing within the 50 mile limit.

Mr. Hattersley was actually in the air on his way to Iceland for the talks when Icelandic gunboats cut the trawl cables of two British trawlers, the Boston Harrier and the Primella. He reacted angrily on arrival saying that it was intolerable that British vessels should be molested in this way by a NATO ally.

None of the 50 British trawlers fished during Saturday night because of a storm and no Icelandic patrol vessels were reported in action by the British skippers. Mr. Agustsson told Mr. Hattersley that there had been no further incidents on fishing banks. Mr. Hattersley said he was very glad to hear it.

After this morning's meeting, in which each Minister was accompanied by three advisers, sources on both sides expressed doubt whether further agreement could be reached. The £5,000-ton gap between positions on the future British catch is still too wide.

Icelandic sources say that, under strong pressure from the fishermen, the trades unions, the opposition and from within its own parliamentary ranks, the coalition Government has little room left for improving its present offer, and that the major concessions would have to come from the British.

Nevertheless, by budgeting from the 130,000 ton figure, which he maintained in two earlier entirely to the British trawlers.



Mr. Agustsson: Went some way to meeting U.K. demands

due in Bonn, where the Icelanders expect to complete a new fishery agreement with the West Germans. Icelandic sources say that after the German concession to keep their freezer vessels out of Iceland's 200-mile limit, agreement on an annual catch for German trawlers, only details remain to be settled.

Roy Hodson writes: The British trawler owners are anxious to avoid any provocation while fishing Icelandic waters. They have warned their skippers not to take any action which could inflame tempers on either side. The owners intend to continue to regulate their fishing in accordance with the compromise agreement. That will mean that the British fleet in the area will continue at a level of about 40 vessels at any one time instead of rising to 60 vessels as it would if the fishing were to be carried on without any restriction upon the total catch being observed.

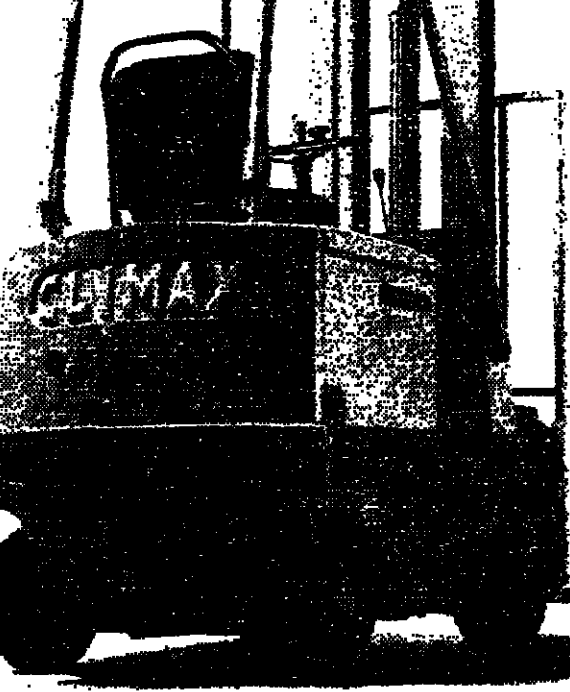
The interim agreement required the British trawlers to fish six areas between 12 and 50 miles from the Icelandic coast according to a rota. That rota is still being observed by the British skippers, as are the small East coast trawlers which were barred entirely to the British trawlers.

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**Janet Baker**

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING.



**BY ARTHUR SMITH**

The problem should not be dealt with unilaterally but in concert with Britain's trade partners, he said. Accordingly the

European producers are also watching the situation in the

representations to the BSC pointing out that members might be forced to turn to Far Eastern steel imports.

The BIM's membership com-

your to discourage Government intervention and thereby promote confidence for investment."

military collaborative programmes such as Concorde, Jaguar and the Multi-Role Combat Aircraft, with the im-

other products worth up to 2 times more, while maintaining employment of over 200,000 workers.

26 between the two industries, and  
ag its particular whether or not  
00 Japanese industry can undertake  
joint development with the U.S.

## BY MICHAEL LAFFERTY AND MARGARET REID

It is thought that the banks will make a statement soon giving a general welcome to the Sandilands proposals for a

has forecast meanwhile that the Government will soon endorse the Sandilands recommendations on company accounting.

however, that "we must expect the Government to be less than categorical" on the question of adopting current cost accounting.

shown "great magnanimity and common sense" in its general acceptance of the recommendations. The profession had pre-

argued that, if CCA was going to have any dramatic effect on market prices, it would have shown through already.

Mr. Heath's determination to preserve his freedom to make personal interventions on major political and economic issues—

articles, to discuss a wide range of fundamental questions which covered different aspects of national life.

by 4p for 20. Embassy FH will now cost 42½ for 20. Kib size brands will go up by a penny a packet to 47p.

# System/32

**BY MICHAEL DONNE, AEROSPACE CORRESPONDENT**

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BY RICHARD EVANS, LOBBY CORRESPONDENT

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## Financial Times Reporter

W. D. & H. O. Wills and J. Player subsidiaries sell 50 brands as Embassy and Wines, is putting up the price all the brands except king-

In Mr. Heath's view a whole new programme of social and economic change was required if Britain was to meet the challenge of the final quarter of the 20th century.

To the anger of some Tory MPs yesterday, he declined an opportunity to praise Mr Thatcher and her "shadow team." Asked whether he was satisfied the Opposition was opposing well, he replied:

# UNILEVER N.V.

## DIVIDEND ON CERTIFICATES FOR ORDINARY SHARES

issued by

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

An interim dividend in respect of the year 1978 of 20 centimal amount of Ordinary Capital of Unilever N.V. has been declared. This dividend is equivalent to the interim dividend in respect of the year 1975 declared on the Ordinary Capital of Unilever N.V. in accordance with the Foundation Agreement between the two companies.

A similar dividend will be paid to the holders of the above Certificates on and after 18th Dec. 1978 as follows:—  
**CERTIFICATES FOR SUB-SHARES OF FL. 1.12 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE**  
 Equivalent to the dividend on the shares of MIDLAND BANK TRUST COMPANY LIMITED

The dividend is equivalent to FL. 0.38 per Sub-share and will be paid against Serial No. 95. Having regard to the relief from Dutch dividend tax given by certain Conventions concluded by the Netherlands for the avoidance of double taxation, the serial number of the Sub-share is as follows:—

Where the Sub-shareholder is a resident of:—

	The United Kingdom		Any Other Country and in all other Cases	
	and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands — See Note (a)	and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands — See Note (a)	The net amount payable per Sub-share to holders of the above Certificates is shown in the following table according to the rate of Dutch dividend tax deducted therefrom	
	pence	pence	pence	pence
sterling equivalent of FL 1.128 (converted at FL 4.8535 = £1) 1975 dividend (15%) FL 2.637 (25%) FL 4.385 (15%) FL 2.637	32.3362	32.3362	32.3362	32.3362
	0.0591 (15%)	0.0591 (15%)	4.8354 (15%)	(0%)
	24.1771	22.4005	24.1771	27.4008
	6.6472	6.6472	6.6472	6.6472
	17.7299	20.9236	24.1771	32.3362

(a) In such case Dutch dividend tax is deducted at 25% and from the balance the U.K. paying agent deducts 20% at the gross rate. The Netherlands 25% dividend tax will be allowed as a credit against the tax payable on the profits of the establishment.

(b) Under the Anglo-Dutch Convention the holders of the above Certificates are entitled to a reduction in Dutch dividend tax from 25% to 15%. On collection of the dividends in the U.K. the saving agent deducts tax of 20% at the gross rate and represents the balance to the holders of the above Certificates at 15% dividend tax already deducted.

(c) In such case Dutch dividend tax is deducted at 25% and from the balance the U.K. paying agent deducts 20% at the gross rate. The Netherlands 25% dividend tax will be allowed as a credit against the tax payable on the profits of the establishment.

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## OVERSEAS NEWS

## Karami talks may decide course of Lebanon crisis

HSAN HIJAZI

BEIRUT, Nov. 16.

LEBANESE crisis may be ching the crunch with the y yesterday to have the y's two top leaders, ent Suleiman Franjeh ent Rashid Karami, dis- asic changes in the 33- d political system.

Decision was taken at a g of the cabinet during Mr. Karami put forward a nensive plan for political, ic and social reforms.

Mr. Karami indicated that the discussions between Presi- Franjeh, who is the ranking Christian official, Karami, who is the lead- slem Government leader, will have to be done before next begin soon, and the out- would be referred to the l of Ministers for al. The cabinet in turn af its final resolutions unicameral parliament (I) intents and purposes, the ions would determine the Lebanon because a new d system is sought as a te to the one under which ntry has been run since ndence in 1943. Observers the discussions to be t, to say the least,

## OPEC Ministers meet

BY RICHARD JOHNS

FINANCE MINISTERS of the Organisation of Petroleum Exporting Countries meet to-day in Vienna to draw up proposals for a special aid fund to assist developing countries with the cost of oil imports.

They are expected to agree on a plan, in outline at least, designed to cement their alliance with the developing countries in anticipation of the opening of the Conference on International Co-operation—or the "dialogue"—which is to open in Paris on December 16.

The immediate stimulus for the meeting came from the Shah of Iran who during the last OPEC conference in September proposed that oil producers should levy 10 cents on each barrel of oil to finance the fund. At present prices and at current OPEC output this would mean a sum of \$1.1bn. annually.

Subsequently, President Carlos Andraeg Perez of Venezuela called for a \$1.52bn. facility and suggested that members with production of less than 500,000 barrels a day (Ecuador and Gabon) should be excused from the obligation of contributing.

It is the forthcoming dialogue which has given an urgency to discussions on the subject which, in the general wrangle over prices at the OPEC conference in September, received little attention. Proposals for a more limited facility were dropped last year chiefly because of opposition by the Arab producers which started their preference for Arab funds and bilateral assistance.

Now all the producers are agreed on the need for positive action to show their concern for the developing countries. It remains to be seen, however, how an OPEC fund would affect members participation in the "solidarity fund" agreed and decided on at the conference of non-aligned countries in Lima in August. At a parallel meeting in Geneva beginning on Tuesday OPEC Oil Ministers are to hold preparatory discussions on the dialogue. It is not clear as yet when and where the producers and developing countries are to meet to thrash out the question of representation at the dialogue.

Algeria, Brazil, India, Iran, Saudi Arabia, Venezuela, and Zaïre took part in the preparatory conference earlier this year. Under the agreement finalised last month another 11 countries from the UN "Group of 77" will be chosen for the full, substantial dialogue.

## New Greek defence budget up by 30%

By Our Own Correspondent

ATHENS, Nov. 16.

GREECE will spend drachmas 41,181m. (\$585m.) on defence in 1976 (a 30 per cent. increase over this year) to prepare itself against a possible military confrontation with Turkey.

In a statement after a meeting of key ministers on Saturday, Premier Constantine Karamanlis said the Government was allocating 25 per cent. of the state budget towards defence. Obviously referring to strained relations with neighbouring Turkey over Cyprus and disputes in the Aegean, Premier Karamanlis said his Government was fully aware how irrational an arms race for aggressive purposes was. He said the Government was not being dragged into expenditure beyond the limits dictated by the country's defence needs. "But the price of maintaining peace within the framework of national dignity is high," he said.

Mr. Karamanlis said total expenditure in the 1976 State budget will amount to drachmas 171,550m. (\$2,455m.) including a public investments programme of drachmas 41bn. (\$585.7m.) which will be covered almost entirely through borrowing.

## Nordic bank wins approval

By John Walker

STOCKHOLM, Nov. 16.

THE PROPOSAL to set up a Nordic Investment bank was given a large majority at the ministers' meeting this week-end of the Nordic Council. The voting was 59 for the proposal, ten against, and five abstentions. Criticisms of setting up the bank came mainly from the Communists in Finland and Sweden, while the Conservatives in Norway were also against the proposal. This outcome was dubbed "an untidy alliance".

The aims of the bank which will come into operation in 1977 will be to stimulate Nordic investment projects and act as a supplement to the national credit institution. Borrowing should be co-ordinated with the borrowing of the individual countries on the international market. It is proposed that the bank will grant loans and make guarantees for Nordic exports and similar interests.

The proposed basic capital will amount to 400m. special drawing rights (SDRs).

## Thirty more arrests of Franco opponents

BY ROGER MATTHEWS

MADRID, Nov. 16.

ANOTHER 30 political opponents of the Franco regime have been arrested in Spain this week-end, bringing to nearly 500 the admitted number of detentions in the past 11 weeks. At the same time attacks by the extreme Right-wing are growing in number and ferocity, with priests being singled out as the main target.

Although General Franco is now only being kept alive artificially and there is no chance of a recovery, Prince Juan Carlos is hesitating to use his extensive powers as acting Head of State to demonstrate that he intends to introduce a more liberal form of political life in Spain.

Five important Opposition members were arrested in their homes during a pre-dawn swoop yesterday and a sixth, Simon Sanchez Montero, who only last

year was released from jail after serving 14 years for illegal assembly, was taken from his wife's bedside in a Madrid hospital where she is recovering from an operation. Senior Sanchez Montero is a former member of the Central Committee of the Spanish Communist Party and was given his freedom following appeals based on his age and ill health from leading figures across the political spectrum, including some strongly opposed to Communism.

Police also revealed yesterday that they had arrested 20 members of the Spanish Workers Party in Jaen and had broken up their propaganda wing in the region. The Spanish Workers Party, formerly the International Communists, have suffered a series of such blows in the past four weeks.

Attacks on priests in the Barcelona region, during which two were badly beaten up and two others had their homes slightly damaged by petrol bombs, have spread to Madrid. Authoritative Church sources reported here today that dozens of priests had received threatening telephone calls in the past three days, and one had been slightly hurt when a group of young men had hacked him in the street. Right-wing extremists are particularly upset by the sympathy some priests seem to show for Opposition groups.

Prince Juan Carlos, meanwhile, faces a difficult week politically, especially if General Franco still clings to life. On Thursday he is due to preside at the annual ceremony marking the death of the founder of the Falangist Party, which brings together the most extremist politicians in Spain at a ceremony staged at the Valley of the Fallen, the massive Civil War monument outside Madrid.

The struggle is also warming up over the appointment of a new president of the Cortes (Parliament) a key constitutional post as it also involves being chairman of the Council of the Realm and Council of the Regency. Juan Carlos urgently needs to appoint a man in tune with his own political thinking, but this may be difficult to achieve as ultra-conservative elements largely dominate the selection process. However, even some of the Prince's friends are saying that the moment is fast approaching when he must take some decisive political actions in order to demonstrate his authority.

## Morocco 'to back' Spain over Gibraltar

BY ROGER MATTHEWS

MADRID, Nov. 16.

FURTHER details of the agreement whereby Spain will effectively hand over the Spanish Sahara to Morocco are expected to be hammered out in Madrid this week. The Moroccan Foreign Minister is due here tomorrow when he will also be informed of the results of Saturday's talks between Spain and Algeria.

The Algerians are bitterly opposed to the tripartite deal between Spain, Morocco and Mauritania and are considering economic sanctions against the Madrid regime. This could lead to a cutting off of natural gas supplies and a ban on Spanish participation in oil searches in Algeria.

Spanish officials continue to be reticent on all the implications of the Sahara deal which provides for a total withdrawal by February 28. But it is under-

stood that Madrid is well pleased with the participation it will maintain in the exploitation of the phosphate deposits and with a Moroccan assurance that no further pressure will be exerted against the two enclaves of Ceuta and Melilla.

Algerian sources claim that Morocco has also promised to help Spain in pushing fresh economic pressure on Gibraltar. Roughly 3,000 Moroccans work in Gibraltar on a casual basis and the country supplies the Rock with much of its fresh vegetables and fruit. It is understood that British officials have for some time anticipated such action and have contingency plans ready.

Yet it is doubtful if Prince Juan Carlos, in his search for friends in Europe, will want to begin his rule by renewing tension over Gibraltar.

Reports from El Aaiun, the

capital of the Spanish Sahara, say that the Fronte Polisario, which is backed by Algeria, already has evidence of growing infiltration by Moroccan irregular forces. The fear in El Aaiun is that, during the next few days thousands of Moroccans will come across the border and begin to occupy parts of the colony. This might pave the way for an eventual rubber-stamp referendum on the territory's future in which the indigenous population would be almost outnumbered by the new arrivals.

Spanish officials have not so far spoken of a referendum, two weeks ago an essential part of its policy, referring merely to a test of local opinion through consultation.

Plans for the evacuation of the Spanish army are going ahead at full speed and could easily be completed before the end of the year. Atoken force will, however, remain for eight weeks after that to lend weight to the three-power provisional administration which was agreed in Madrid last week.

But as Mauritania is numerically so small the eventual administration of the colony could quickly be taken over by the Moroccans.

Algeria to-day condemned the agreement between Spain, Morocco and Mauritania as an attempt to "pillage the natural resources of the Western Sahara" by Madrid and "its accomplices." The condemnation, in a commentary by the official news agency APS, followed the decidedly cool reception given yesterday to Spanish Planning and Development Minister Jonquim Gutierrez Cand who came to explain the agreement to the Algerians.

Reuters

## Kissinger contempt citation protest

BY DAVID BELL

WASHINGTON, Nov. 16.

THE STATE Department held a rare week-end briefing yesterday to protest vigorously at the decision by a Congressional committee to cite Dr. Henry Kissinger, the Secretary of State, for contempt of Congress.

"We consider it unbelievable that a committee of the Congress would move towards three citations of contempt against the Secretary of State on the very eve of an important summit meeting, two weeks before a Presidential visit to China and less than a month before a major security adviser, not Dr. Kissinger since he lost that post in Hyland, director of the department's Bureau of Intelligence

and Research, told reporters. The House intelligence committee voted to cite Dr. Kissinger for contempt on Friday contending that he was withholding information about secret CIA activities. National Security Council recommendations about these activities and material dealing with alleged Soviet violations of 1972 and 1974 disarmament agreements.

Mr. Hyland said that subpoenas about the first two issues concerned the President's National security adviser, not Dr. Kissinger since he lost that post in Hyland, director of the department's Bureau of Intelligence and Research, told reporters. The House intelligence committee voted to cite Dr. Kissinger for contempt on Friday contending that he was withholding information about secret CIA activities. National Security Council recommendations about these activities and material dealing with alleged Soviet violations of 1972 and 1974 disarmament agreements.

Kissinger had been unable to comply with the third because the President had invoked the doctrine of executive privilege. In any case, Mr. Hyland added, much of the information demanded related to previous Administrations and previous Secretaries of State. "A completely erroneous impression has therefore been created that the Secretary of State has refused to comply with three subpoenas. This is not correct."

The contempt citation is likely to be considered by the House Rules Committee before being voted on by the whole House.

## J.P. SPEAKS OUT

NEW DELHI, Nov. 16.

ONE of India's leading opposition leaders arrived in New Delhi to-day, unchained in the political views that led to his arrest and four-and-a-half months of detention.

Jaya Prakash Narayan, who leads the country's most serious challenge to Prime Minister Indira Gandhi's leadership, said the national state of emergency she imposed on June 26 was "totally unnecessary" and demanded the "estrated" press that has emerged from the strict censorship since the June decree. The ailing 73-year-old was released from custody on 30 days' parole on Wednesday in Chandigarh. He arrived here to-day and talked briefly to newsmen in a hospital ward.

UPI

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# The Office World

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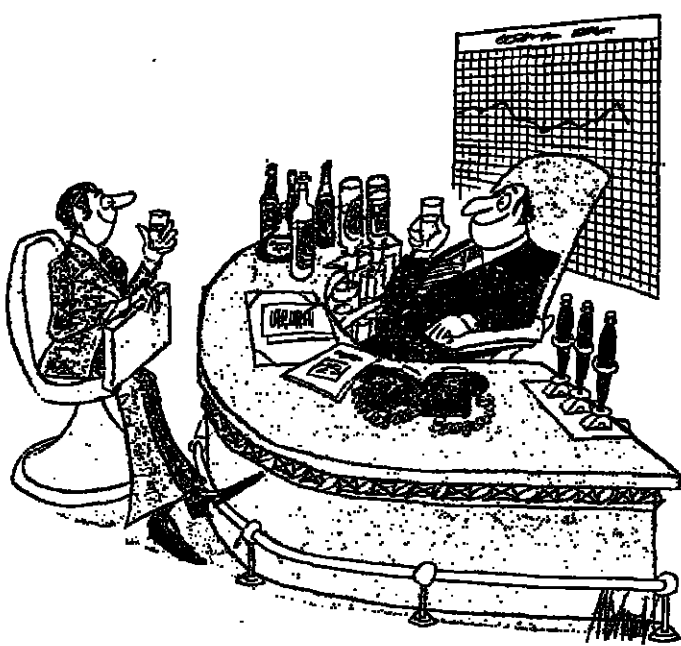
Bob Crew reports on changing attitudes towards alcohol in business

## Lubricating the Boardroom

IN THE April 1975 edition of "The Director" a major feature on wines and spirits for the company director's drink cabinet supports the increasingly popular view that a "well stocked cabinet is an essential tool for the boardroom." Some readers are indignant and others enchanted. Among the indignant, Mr. J. C. Jorgensen, of Johnson and Jorgensen (Holdings) Ltd., says: "To give the impression to readers, many of whom are not necessarily of director status, that a boardroom does not function without alcohol, is misleading and very irresponsible."

At a conference in London—organised by the National Council on Alcoholism—Dr. Terence Spratley, specialist in alcoholism at Maudsley Hospital, says "I know that in industry there are a lot of people who are inebriated for a large part of the day. I know of one man who always tape-records interviews because he is usually so drunk that he can't remember them afterwards." Most of us know of at least one man. Therapists, of course, are not short of examples to support Dr. Spratley's view that alcoholism is seriously affecting leading figures in British business and industry, where colleagues often cover up for drinkers so that the truth remains hidden and where many alcoholics succeed in camouflaging their symptoms remarkably well in the early stages of their illness. Calling for an investigation, Sir Bernard Braine, the Council's chairman, declares: "I think that when the truth is finally revealed it will really shock a large number of people."

Taking issue with Dr. Spratley and Sir Bernard, Sir Richard Powell, a director of Bovis—who was for many years Director General of the British Institute of Directors—says that the doctor's views are "completely unjustified and highly damaging to Britain's image at home and abroad." Sir Richard contends that the percentage of alcoholics in Britain's boardrooms is very small indeed. But, alas, he has no reliable data to



support his belief. Instead, he gives his reason for thinking as he does, as follows: "I have a keen eye and during my 20 years or more at the Institute of Directors I probably saw more company directors than anyone else in the world." He says that he should not be misled into believing that a lot of company directors are chronic drinkers because, he believes, their work pace is too fast and the load that they carry too heavy for them to be able to drink excessively as well. Commenting on the drinking habits of the majority of company directors, he says: "They are wise, hard-working men who content themselves with little more than a whisky and soda at the end of the day."

It is precisely what Sir Richard Powell thinks will prevent alcoholism—a fast work pace and heavy load—which many specialists regard as a cause of alcoholism in a number of cases. Fear that the national image will suffer from a public acknowledgment of an alcoholic problem is surely irrational since the problem is world-wide and Britain's image is not different to that of other nations in this matter. The French and

Italians drink too much wine, the Japanese are becoming the world's chief whisky drinkers, while the Americans and Germans have their fair share of alcoholism. The Soviet Union has perhaps the worst problem of all. Some 70 per cent. of murders and 90 per cent. of hooliganism in the U.S.S.R. are reportedly committed under the influence of drink. There is hope, therefore, for Britain's image yet, where employees in some sectors of the work force—including the director's boardroom which is clearly no exception—are reportedly driven by the same symptoms to a bottle to which, in many cases, they are addicted. Since we know that virtually all of the adult population drinks—and has a job—it would be surprising indeed if there were not a problem of alcoholism in business and industry.

It is the reluctance of the image-conscious to recognise either the existence or possibility of a problem within their ranks which hinders or prevents its solution. Notwithstanding Sir Richard Powell's "keen eye," there are many drinkers in places of employment who manage to escape detection by cover-

ing their tracks until it is too late for them to be helped. An honest admission of their need for treatment to their employers would almost certainly result in their dismissal or relegation so—rather than take treatment openly and risk their jobs or career prospects during the pre-ventable or curable stages of their illness—many soldier on, hiding their problem from employers who turn a blind eye to their drinking but would sack them if they admitted to a serious drink problem. Doctors treating alcoholic businessmen regard it as grossly unfair to them and their patients for management to discriminate against them thus and to do so little, if anything, to encourage alcoholic employees to grasp the nettle while there is still hope for them. It is of course very hypocritical—not to say shabby work-hours outside their premises. Not until 1969 did one such company—IBM—relax its rules on drinking, when its corporate management committee formally pronounced, for the first time, that alcohol could be served at social functions. No soldier on regardless, without a drink on IBM premises in a family business—generally and no employee could drink in the office—unless it were a mineral—or be seen during office hours in a bar if he or she wished to keep their jobs. But when IBM came to Europe the company's morality changed in no time at all.

Far from having a good image abroad—or, for that matter, at home—temperance-minded companies had a bad image. They were seen as having lost their human touch, their sympathy, their sense of proportion—as being kill joys and spoil sports. If they had any alcoholics in their ranks, they did not have them at work or during office hours. To-day's companies are not so fortunate. In seeking to help alcoholics, however, it is important for them to remember that alcoholism is not plain drunkenness, or regular drinking. It is, rather, as one specialist put it, drunkenness "plus"—plus serious life problems created by excessive drinking.

One ex-alcoholic businessman—a company director—attempted his own survey on the number of alcoholics in the business world. He sent strictly confidential questionnaires to 12 companies—representing 20,000 employees—on the subject of their policy to alcoholic employees. Only one reported a known alcoholic on its staff who was said to be "overtured and overruled." One company replied indignantly that it regarded the suggestion that it could ever employ an alcoholic as insulting. Until as recently as ten years ago there were still some puritanical companies who would not allow drink on their premises or even to be taken during work-hours outside their premises. Not until 1969 did one such company—IBM—relax its rules on drinking, when its corporate management committee formally pronounced, for the first time, that alcohol could be served at social functions. No soldier on regardless, without a drink on IBM premises in a family business—generally and no employee could drink in the office—unless it were a mineral—or be seen during office hours in a bar if he or she wished to keep their jobs. But when IBM came to Europe the company's morality changed in no time at all.

## The Master-Computer of Nuremburg

BY NICHOLAS COLCHESTER

AFTER DEVOTING more than 70 man-years and some DM10m. to the necessary software, the German mail order and department store group, has started to install a computer system that will control its entire goods handling cycle from the buying-order to the moment of sale and back, through continuous stock taking, to the decision to order again. Quelle believes that it is the first combined mail-order and retailing organisation in the world to regulate the flow of goods through both its sales channels on such a "closed-cycle" basis.

The company is the largest mail-order house in Europe with a turnover this year of DM6bn., or over £1bn. This is partly due to the German citizen's peculiar fondness for mail-order: he buys more through catalogues, both proportionately and absolutely, than any other citizen in the world. Quelle sells half of its turnover by mail and half through department stores. It reckons to serve one half of the German population in some way every year and thus takes its place in that elite of retailers whose influence is a daunting fact of life for anybody who tries to sell consumer goods in West Germany.

### Mail order

The computer lends itself to mail order because it is a business in which a lot of information and a lot of goods converge on one spot. Quelle installed its first real-time computer in 1957—a tailor-made standard electric machine. In 1969 the company went over to an IBM system, and it is IBM that has won the order for DM25m. worth of new equipment against competition from Singer, Litton-Sweda and Anker.

As the names of the competitors suggest, the main aim of the new system is to apply the same degree of computer control to Quelle's over-the-counter sales as rules its mail order business. The centre for the latter in Nuremburg is already a somewhat disquieting model of automation. The computer takes over as soon as someone has read the customer's handwriting. It even ticks the postage stamps. Only in the physical handling of the goods are people involved and they operate in something of a human computer, trotting along to the right shelf in the right

stack like electrons hurrying to the right address in a memory core. The key device in the new system is the point-of-sales terminal, a computerised cash register. By the beginning of 1977 between 900 and 1,000 of these will be installed in Quelle's 25 department stores. In any store these devices are connected to a small System 32 computer that controls the store's inventory and keeps its accounts. The cash register tells the computer what has been sold, and for how much, by reading a magnetic strip attached to every article in the shop.

Every night, or on demand, the Nuremburg computer quizzes the shop computers. It combines what it learns with the current state of mail-order stocks and can then present an entire Quelle stock list to the ordering department. It points out where stocks are too low or too high and helps the department decide how much to buy or to cancel. Given the go-ahead it prints the orders—400,000 orders each year to 20,000 suppliers for 700,000 deliveries—and keeps a big brother eye on each supplier's delivery performance.

Analysing the nightly reports from the store computers the master-computer of Nuremburg works out what quantity of each article should be sent to each store. Either it prints out the order telling the supplier to deliver there or it arranges an appropriate shipment from Quelle's warehouses. It tells each store computer what is arriving, and the store computer automatically prints out the required magnetic sales tags to await their arrival. The master computer records what has been delivered, adds it to its mental inventory, and prints out the necessary cheques.

This is the closed cycle. It will cost DM1m. a year in telephone lines for computer conversations alone. It has required 300 complex new computer programs and alterations to 500 existing ones. At the moment it is running in a test phase with 100 terminals covering a small selection of goods. As the problems are ironed out it will be expanded over the next year and a half to cover everything. Then, as one Quelle director remarked brightly: "We'll be making as many mistakes as people involved and they'll be before and at last no one will operate in something of a human computer, trotting along to the right shelf in the right

completeness. Quelle is by roots a mail order house. Because mail order is more holding its own in the German retail market, Quelle has intention of becoming predominantly a department store operator and of competing on an equal basis with Kaufhof, Hertie, and Karstadt. It means that it is and will be bound to its catalogue, to catalogue's guesses on emerging fashion, and to its catalogue fixing of prices. The catalogue is the basic "input" into Nuremburg computer. It is an embodiment of Quelle's strategy and, whatever may have been made and what elephants ordered, it can be renewed every six months.

### Catalogue

Quelle offers around 45 different articles through its catalogue and 65,000 through department stores—the difference being goods like food I do not travel happily through the post. A fair proportion of purchases at Quelle's department stores are made by people who have seen what they want in the Quelle catalogue. Quelle knows the value of this action between shop and catalogue. It also knows that the interaction is effective if the catalogue is appointed. The management of the new computer system to make sure that each item never without goods that it is physically possible for it to have in stock. In judging cost effectiveness of their system they estimated that improved "ware-presence" would increase shop turns by 5 per cent.

The new computer could lead to better service in shops—if Quelle can resist temptation to reduce its price tags is quicker, less the cashier more time to customers. Any article can be paid for at any Cash desk. This will remove the maddening territorial rights that are feature of most German department stores. A customer will be able to exchange any article at any cash desk instead negotiating credit on the floor. Best of all, the terms give their operators less access to the shop's inventory, so searching customers should find more re-assuring answers. "Only what you see on shelves love."

## Community Land

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### THE BUSINESS BREAKFAST

## It's hardly British

BY EVE MACPHERSON

DESPITE protests from traditionalists in the catering and the business worlds, the working breakfast is becoming a fact of executive life in England. Already deals are being made, business discussed and products exhibited over bacon and eggs or kippers, washed down by nothing stronger than coffee.

The business breakfast is seen by some as an effective economy measure for companies forced to cut back on expense account entertaining but who still prefer to negotiate over a dining rather than a boardroom table: it eliminates costly aperitifs, wine with the meal, and a variety of expensive courses. Even more important it can save time.

Devotees of early-morning meetings argue, too, that they allow participants to conduct their business while they are still fresh, and leave them a full working day at their offices. And that for overseas visitors, a meeting over breakfast often means an additional appointment can be slotted into a crowded schedule.

### Bucks' Fizz

For the hotels, faced with increasing competition from restaurants fighting for survival and from directors' dining rooms, a business breakfast boom should be good news. Unlike restaurants, most hotels have staff available 24 hours a day—and licensing facilities for residents who may wish to serve Dom Perignon or Bucks Fizz to early morning guests.

The Park Tower Hotel in Knightsbridge has a publicity campaign aimed at public relations companies and Members of Parliament to boost the working breakfast. Although this has always been available in the hotel coffee shop from midnight, they feel that private rooms may be more conducive to business discussions. For instance, a company can hold a breakfast for 30 people for £2.75 a head or £1.80 for continental breakfast.

The hotel expects an increase in business, too, in its Canadian Room, where it provides buffet breakfast for 100 people and displays a firm's products at the same time.

Mr. Eric Stoller, who runs the

British subsidiary of an American assurance company, brought the business breakfast habit to England when he settled here.

He finds, however, that the few working breakfasts he has arranged with visiting Americans, "It's not a question of cost-saving," he insists. "Executive time is much more valuable than the cost of a lunch." The U.S., he feels, is still a more work-orientated society and he doubts that the breakfast trend will become as popular over here.

A leading caterer and chairman of the Restaurateurs' Association of Great Britain, Mr. Rafael Calzada, agreed. "I think provides working breakfast facilities once or twice a week to let it really catch on here. There hasn't been a single incident of the business breakfast at my company's hotel in Lincoln."

But some London hotels are time becoming the fashion time to do business. It can flatter, as one hotelier put it, to imply that your guest is busy you know he could only do it in an early-morning appointment. And it shows that you are prepared to make the effort to see him early!

The London Hilton claims a brisk trade in working breakfasts at their Lord Taverner and the Carlton. Mr. Rafael Calzada, agreed. "I think provides working breakfast facilities once or twice a week to let it really catch on here. There hasn't been a single incident of the business breakfast at my company's hotel in Lincoln."

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## LABOUR NEWS

### Scottish pay award may influence farm negotiations

ROY ROGERS, LABOUR CORRESPONDENT

A WEEK pay deal for Scottish workers is likely to have a major influence on negotiations with 30,000 English and Welsh workers which resume today's meeting of the National Farmers' Union and the Agricultural Wages Board for England and Wales. The result of the negotiations will be seen in the next few days. The result of the negotiations will be seen in the next few days. The result of the negotiations will be seen in the next few days.

Mr. Roy Rogers, general secretary of the National Union of Agricultural Workers, said last night that in view of the Scottish farmers' settlement and those covering other low paid groups, it would be "quite unjust" for the Agricultural Wages Board to give less than 5%.

### Equal Pay Act warning

SPREAD industrial action hit companies when the Equal Pay Act came into force at the end of next month, says Mr. Ian Wright, general secretary of the Association of Professional, Executive, Clerical and Administrative Staffs (APEX).

### Two victories for ASTMS

MEMBERS of the management association at the Liverpool Victoria Insurance Company have voted overwhelmingly in favour of joining the Association of Scientific, Technical and Managerial Staffs (ASTMS).

## Deal near on engineering disputes procedures

BY ROY ROGERS, LABOUR CORRESPONDENT

ENGINEERING INDUSTRY unions and employers are on the verge of agreement on a new, speedy national procedure for settling strikes and other labour disputes. They have been without any dispute machinery for almost four years.

Disputes should be processed within a few weeks under the proposals, compared to up to nine or ten months under the old system, abandoned in December 1971.

Because of this speed the Engineering Employers' Federation are now willing to agree to a "status quo" clause allowing old working practices to be maintained until all stages of the procedure have been exhausted. It was the EEF's refusal to meet this demand that caused the breakdown of earlier attempts to negotiate a new agreement.

### Ballot will decide AUEW struggle

BY OUR LABOUR CORRESPONDENT

VITAL ballot results which could affect the political complexion of Britain's second largest union, the Amalgamated Union of Engineering Workers, are expected to be announced to-morrow.

Three of the union's seven executive council seats and a number of other national and local AUEW posts are up for re-election. It should then become clear whether the union's moderates have been successful in a determined bid to wrest the initiative away from militants.

officials of the Confederation of Shipbuilding and Engineering Unions. A draft agreement is now being considered by the 19 confederation unions.

Indications are that when the confederation executive meets in York next month, it will endorse the draft agreement, opening the way for a formal deal to be brought into operation early in the New Year.

The previous system comprised three stages: the works conference involving shop stewards and plant management, the local conference with local EEF and union officials being brought in, and finally a central conference involving national negotiators.

Under the machinery now proposed there will be only two stages — domestic and external. Strict time limits are set to prevent either party from employing delaying tactics. Procedure would be exhausted once failure to agree had been registered at an external conference, although either side could still seek talks at national level.

The lack of an agreed procedure for the past four years did not produce the chaos which some people had feared. This was largely because negotiators on both sides tended to follow the pattern of the previous agreement as far as was practical or negotiate their own company side agreements.

It did mean that the regular national level contacts between the industry's unions and employers were lost or that the leaders of the two sides only came together when negotiating the industry's national pay and conditions agreement.

A key clause in the proposed agreement urges the setting up of a forum for "joint consultative and advisory arrangements" at national level so as to restore the opportunity of regular top level contacts.

AN ATTEMPT to resolve a month-old dispute involving 625 fleet maintenance men of British Airways will be made to-day at a meeting between management and workers.

The engineers are demanding more money for working the Lockheed TriStar and other wide-bodied jets.

Maintenance checks on the airline's six TriStars have been carried out by supervisors, but one TriStar is due for a major overhaul and it is feared that it might have to be taken out of service.

The five other TriStars are also due for major overhauls this month after completing a maximum number of flying hours.



## Half Year Results

The unaudited results of the Boots group for the six months to 30th September 1975 are given below:—

	1975 £000	1974 £000	% Change
Sales	290,009	235,223	+23.3%
Less VAT	15,761	13,367	
	274,248	221,856	+23.6%
Profit before taxation	30,723	26,415	+16.3%
Taxation (estimated)	15,405	13,683	
Profit after taxation	15,318	12,732	
Minority interests	200	118	
Profit attributable to shareholders	15,118	12,614	

Note: £4,400,000 has been charged before arriving at this profit towards the actuarial deficit of £8,830,000 in Boots Pension Fund, a separately administered Trust, which was declared at 31st March 1974 and noted in the Company's Last Annual Report.

### Interim Dividend

The Directors have declared an interim dividend of 0.8859p per share, which compares with 0.81425p per share for last year after adjusting for the one for one capitalisation issue made in July 1975. This year's interim represents the maximum permissible under existing Government regulations while at the same time maintaining the ratio between interim and final dividends as in the previous year. The dividend now declared amounts to £3,155,292 and will be paid on 9th January 1976 to shareholders registered on 28th November, 1975.

### Results

Sales increased by 23.3%. U.K. retail sales showed an increase of 22.9%, growth reported at the end of the first quarter having been reduced somewhat as a result of the recession in the economy; the major part of the increase represents price inflation. Exports and Sales by Overseas Companies increased by 33.6% and 19.6% respectively. The increase in trading profit, before the extra charge for pensions, follows a small decrease at the half-way stage last year. The Directors expect that difficult trading conditions will continue and profit growth in the second half will be at a lower rate.

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**THEATRES**  
GREENWICH THEATRE, 01-856 7755. Evening: The Merry Widow, 7.30. Mat. 2.30. No. 1. The Girl in the Red Velvet, 8.15. The House of Cards, 8.45.

**THEATRES**  
ROYAL COURT, 730 1745. Prev. Ton. 8. Open. 8.15. 8.30. 8.45. 8.55. 9.05. 9.15. 9.25. 9.35. 9.45. 9.55. 10.05. 10.15. 10.25. 10.35. 10.45. 10.55. 11.05. 11.15. 11.25. 11.35. 11.45. 11.55. 12.05. 12.15. 12.25. 12.35. 12.45. 12.55. 1.05. 1.15. 1.25. 1.35. 1.45. 1.55. 2.05. 2.15. 2.25. 2.35. 2.45. 2.55. 3.05. 3.15. 3.25. 3.35. 3.45. 3.55. 4.05. 4.15. 4.25. 4.35. 4.45. 4.55. 5.05. 5.15. 5.25. 5.35. 5.45. 5.55. 6.05. 6.15. 6.25. 6.35. 6.45. 6.55. 7.05. 7.15. 7.25. 7.35. 7.45. 7.55. 8.05. 8.15. 8.25. 8.35. 8.45. 8.55. 9.05. 9.15. 9.25. 9.35. 9.45. 9.55. 10.05. 10.15. 10.25. 10.35. 10.45. 10.55. 11.05. 11.15. 11.25. 11.35. 11.45. 11.55. 12.05. 12.15. 12.25. 12.35. 12.45. 12.55. 1.05. 1.15. 1.25. 1.35. 1.45. 1.55. 2.05. 2.15. 2.25. 2.35. 2.45. 2.55. 3.05. 3.15. 3.25. 3.35. 3.45. 3.55. 4.05. 4.15. 4.25. 4.35. 4.45. 4.55. 5.05. 5.15. 5.25. 5.35. 5.45. 5.55. 6.05. 6.15. 6.25. 6.35. 6.45. 6.55. 7.05. 7.15. 7.25. 7.35. 7.45. 7.55. 8.05. 8.15. 8.25. 8.35. 8.45. 8.55. 9.05. 9.15. 9.25. 9.35. 9.45. 9.55. 10.05. 10.15. 10.25. 10.35. 10.45. 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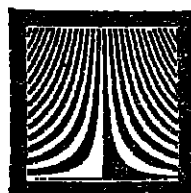
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## SERVICES

### Big bureau takes shape

TSL — the London-based time sharing company operating on DEC 10 machines—will soon become part of a much larger group with a bureau turnover of around £50m. a year following ratification of the take-over of TSL's parent (Delos) by Automatic Data Processing of the U.S.

The new group thus formed will have two wings, batch processing (ADP) and time-sharing. The latter is represented by Cyphernetics, taken over in June, and TSL.

But, in Europe, the Cyphernetics operation is represented by bureaux which have land line and concentrator facilities only. Its computers are in Ann Arbor, Michigan. TSL has just

taken delivery of its fourth DEC 10 processor and now houses some £25m. worth of equipment. A fifth processor is on order for March delivery and a sixth is under consideration.

It is clear that the centre of gravity of the European operation will shift to London if only because of the big facilities there. At the same time, TSL turnover is several times that of Cyphernetics in Europe.

This will place further responsibilities on the shoulders of the TSL head, Brian Tytherleigh, who has been expanding his company at a rate remarkable even for Britain's rapidly growing service industry.

TSL, 179 Great Portland Street, London, W1N 5TB. (01-637 1355.)

## ELECTRONICS

### Reads code in poor conditions

CODITRON is a photo-optical code recognition system manufactured by AEG-Telefunken. It is capable of reading a netal binary code up to a maximum bit frequency of 1 kHz which corresponds to an object passing the reading head at 7 m/sec.

Tolerances of the code geometry permit a wide range of items to be read by one reading head at a fixed reading distance. The standard Coditron reader can be installed to operate at a reading distance of 500 mm, but options between 100 mm and 1,000 mm are available.

able. The tolerances on the distance that the code must be from the reader is ± 25 per cent of the selected reading distance. Angular tolerances of up to 30 degrees can be accepted in two planes.

The code reader is supplied with its own decoding unit which permits the selection of any discrete input code of between 3 and 40 bits per code depending on the type of equipment selected. The reader will compare all codes passing it until the required code is found, whereupon the decoder can initiate external functions via potential free relay contacts. Computer compatible solid state outputs are available, if required.

AEG-Telefunken (UK), 202, Kensington Church Street, London W8 4DP. 01-229 9244.

## ILLUMINATION

### Lighting in tough spots

HUME ATKINS has a new series of class fibre reinforced polyester (GRP) fluorescent luminaires called the Squareset 2.

Corrosion-proof, drip/rain and splash proof, dust-resistant and vandal-resistant qualities make such units the right choice for such arduous environments as car parks, underground stations, tunnels, garages and service stations, swimming pools, laundries, etc.

Available in two forms: as a sealed single or twin tube diffuser unit and as a sealed single or twin tube batten unit, the diffusers are available in either clear or opal polycarbonate, acrylic, or clear or opal vandal resistant polycarbonate.

Polycarbonate clips fix the diffuser to the body which has a neoprene gasket ensuring an excellent seal. Ease of access to the control gear means one person can erect and maintain the luminaire.

Hume Atkins is at Hailight House, Oval Road, Croydon, Surrey CR0 6BN. 01-688 5644.

## COMPONENTS

### Simplified air line fittings

ECONOMY in stockholding and savings in fitting and maintenance time are claimed for a coupling system for industrial air line equipment introduced by Watts Regulator (U.K.), London Road, Thrupp, Stroud, Glos. (045-388 3401).

For use with the company's "Maxi" range of regulators, filters and lubricators, it enables any size of these units to be selected as stock items for fitting into any of the five sizes of air lines in standard use.

The coupling uses interchangeable inserts to make up any combination of units and to connect these into the line. Once installed the units can be removed for servicing and replaced in seconds, using no tools and without breaking the pipe connections.

Firm attachment is obtained by self-lightening "V" shaped guides on the inserts which engage slots in the units. They are held in position by inserting locking pins, while an O-ring

seal makes the connection pressure-tight. Interface inserts are used for coupling units together and threaded interchangeable pipe port inserts secure these to any 1/2, 3/4, 1 or 1 1/2 inch air line.

All the units will handle air flows up to 250 cfm. The Maxi filter carries out cyclonic separation of liquids such as carry-over oil and condensate, and residual filtration of solids— to 5 microns if required. The regulator is stated to give precise control of air line pressure at any set level from 225 psi to zero.

C. A. Norgren, Shipston-on-Stour, Warwickshire CV35 9EF, an LMI company, has introduced a duplex system which provides for the compact mounting of two control units in parallel, allowing almost instantaneous transfer from the set in use to the standby set without interrupting the compressed air supply to pneumatic services.

The system comprises inlet and outlet manifolds, and two single or double yokes which will accept filters, regulators or lubricators in 1/2 inch BSPT, BSPP and ANPT pipe sizes.

This company has also introduced a remote fill device which fits into the bowl of Norgren lubricators, to simplify oil topping up.

## DATA PROCESSING

### RCA's chips for anyone

RCA Solid State—Europe is promoting the CDP 1800 microprocessor family commercially. This covers the CDP 1801 COS/MOS 8-bit microprocessor, the Microkit hardware support kit, microprocessor manuals, and software development packages.

Inexperienced users should readily understand and apply the devices and the CDP 1800 family has been conceived with a total microprocessor system in mind, so that involvement does not mean a hesitant preliminary step.

The first member of the CDP 1800 family is the previously announced two-chip COSMAC microprocessor (CDP 1801). COSMAC uses COS/MOS technology, and provides low power consumption, immunity to electrical interference, and a wide operating temperature range.

CDP 1801 architecture permits simple, fast, single-byte instructions with equal instruction cycle times.

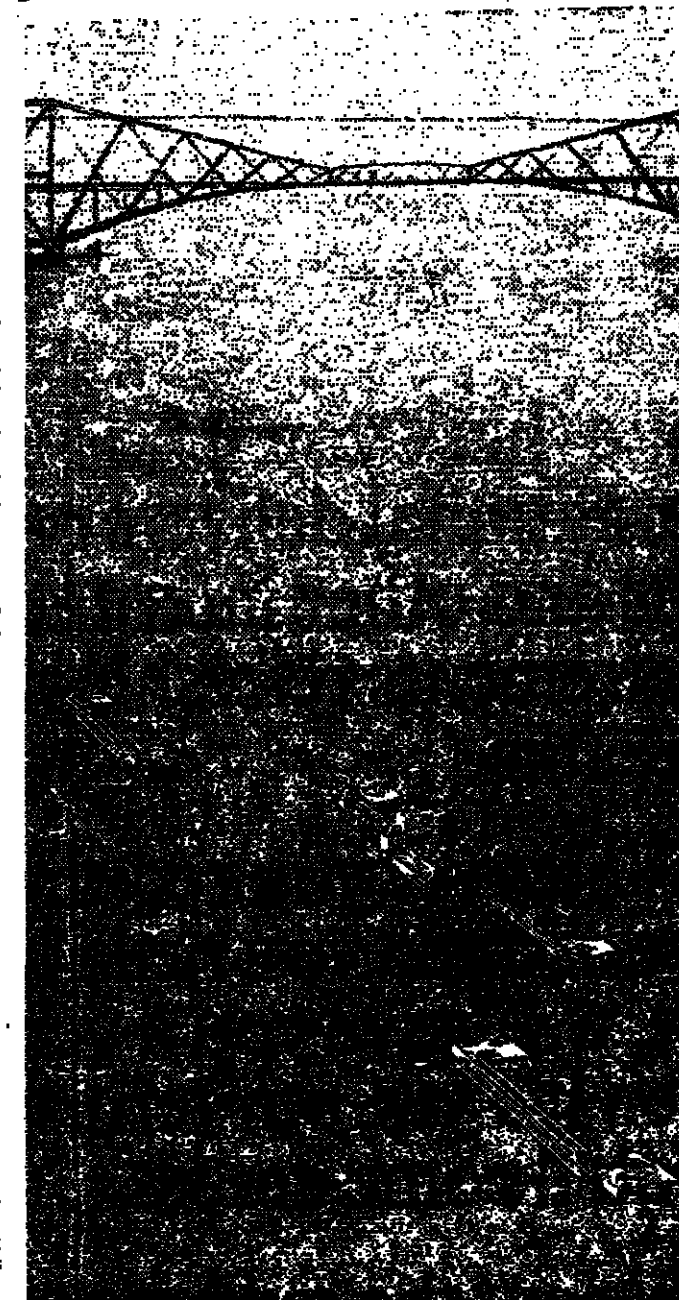
Sixteen uncommitted 16-bit registers on-chip can be used as program counters, as data pointers or for data storage. One register can double as a built-in data pointer for direct memory access: an unusual feature among currently available microprocessors.

The Microkit (CDP 18S001) is a hardware support kit containing the central processor unit, 1024 words of random-access memory, 512 words of read-only memory containing a utility program, input/output decoders, an input/output interface for a teletypewriter or other terminal, and a power supply. Space is also provided for user-designed interface cards and additional memory.

The basic Microkit is thus a complete prototyping system. Together with a resident editor-assembler, "debug-board" option and user-supplied terminal, it becomes a complete, independent system for producing and "debugging" programs.

RCA Solid State Europe, Sunbury on Thames, Middlesex TW16 7HW, Sunbury 85511.

## NORTH SEA OIL



### First tanker awaited

The just completed Forth tanker terminal stands ready for the arrival of the first vessel. An essential part of the North Sea Forties oil field development, it juts from the sea about 700 metres off the south shore of the Forth of Forth and about 1,500 metres east of the central cantilever of the Forth railway bridge. The berth is designed to handle the export of crude oil originating in the North Sea—having been brought ashore from the Forties Field by a 105-mile-long, 32-inch diameter submarine line to Cruden Bay and a 130-mile-long, 36-inch diameter land line to BP's Grangemouth refinery, then via a 30-inch diameter, 12-mile-long buried line to a tanker farm at Dalmeny and finally by a 48-inch diameter loading line 3 1/2 miles long via a land and submarine line to the island berth. Construction of the Forth tanker terminal was undertaken by a joint venture partnership of George Wimpey and Co. and Heresent Offshore for British Petroleum Development as agent for Forth Ports Authority.

## PROCESSING

### Alloys will withstand hot brine

N. C. ASHTON of Huddersfield has secured orders for rolling slabs from two British groups—Yorkshire Imperial Metals of Leeds and Birmingham Battery Co.—who are to roll these slabs into plates to be supplied to Weir Westgarth for the large desalination plant Weir is to construct for Qatar. This was announced some weeks ago as a £30m. plant and a great factor in Middle East British relations; an order obtained against intense Japanese competition.

The Ashton order is for around 250 tons of rolling slabs to be supplied during 1976 in a copper-aluminium alloy (known commercially as aluminium bronze) with small additions of nickel and iron.

Metallurgical expertise is a feature of the work carried out by Ashton which concentrates on corrosion resisting non-ferrous alloys. Both rolling firms have relied on this ability for a good number of years. In the last three to five years problems of sea water corrosion have come to the fore and there has been a considerable increase in requirements imposed on the metals used.

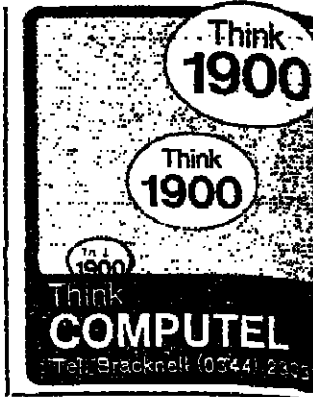
The cost of desalination is dictated largely by the high capital cost of non-ferrous material able to resist salt water attack at high temperatures. In recent years alternatives have been gradually reduced to copper, aluminium alloys as being probably the cheapest and having the best resistance to this form of corrosion.

### Casting SG iron with little fume

AN IMPORTANT step along the road to continuously casting nodular, or SG iron, has been taken at Wellhead Incaste Foundries, Cornwall Road, Smethwick, in collaboration with International Meehanite, of Surrey, the developer of the system.

Clouds of light, fast moving fumes difficult to control, are avoided and hot metal is conducted through a specially designed box in which it is swirled over the nodulariser with only about 10 per cent of the fumes caused by conventional methods.

The IM Flotret system, as it is called, also claims to provide savings of up to 30 per cent in nodulariser, while handling in Wellman's shell mould section has been improved and higher metal temperatures are regularly achieved.



Normal treatment weight passing through the Flotret system are around 600 lb metal from a channel type ducting furnace. Continging pouring through the system significantly improved working conditions. The system is being continuously refined with a view to achieving continuous nodularisation at the furnace after the sulphur content has been brought down.

### HANDLING Builds the sacks into neat loads

OCME sack palletisers have been designed to receive polypropylene or jute bags coming in high-speed packaging lines, form them into neat pallet loads. Bags to be palletised are transferred by a slanting elevator overhead conveyor to machine inlet where a flattening device gives them uniform height. A series of defolowing, controlled by an electronic programmer, to count, align the bags according to position they will have on the pallet. Each time one or two rows of bags is completed, push-bar system transfers it to mobile platform superimposed on the pallet.

Once the number of rows forming a layer has been completed, the mobile platform made in two sections, opens, the items come to rest on the pallet or on the previous formed layer. The pallet is then lowered by one notch, the mobile platform closes again and recently-formed layer of bags is aligned lower face of mobile platform, in order to give the maximum degree of stability to the load unit. At the same time, loading operations continue on top of the platform.

At the end of the cycle pallet dispenser places an empty pallet inside the machine at same time triggering removal of the full pallet, which will have reached the low level. The empty pallet is raised to the level of the loading platform, below the mobile platform, by an elevator.

Van den Bergh Walkins P.O. Box 19, 4 Sheet Street Windsor, Berks. SL4 1U Windsor 51046.

## CONTRACTS AND TENDERS

# NOTICE!

Brown & Root International, Ltd. intends to solicit quotations from qualified Iranian and international organizations covering materials, equipment and services for a heavy construction project in Southern Iran involving breakwater, docks, temporary buildings, roads and related facilities.

### Major categories of interest are:

#### DREDGING

#### MARINE EQUIPMENT—ALL TYPES

Tugs  
Barges  
Work Boats  
General Supply Boats

#### LAND EQUIPMENT—ALL TYPES

Loaders  
Backhoes  
Forklifts  
Cranes  
Pumps  
Generators  
Compressors  
Welding Equipment  
Rock & Core Drilling Equipment  
Storage Tanks  
Air Conditioning

#### MATERIALS

Cement  
Re-Steel  
Structural Steel  
Sheet Piling  
Tires and Rubber Products  
Electrical Supplies  
Tools, Power and Hand  
Lumber  
Pipe and Fittings  
Paint

#### PLANTS—COMPLETE

Rock Crushing  
Concrete Batching  
Power Plants—Diesel—Max. 50 Mw.  
Power Plants—Gas Turbine—Max. 50 Mw.  
Screening

#### PREFABRICATED OFFICES, BUILDINGS, SHOPS AND HOUSING

#### CATERING AND HOUSEKEEPING FOR APPROXIMATELY 4,500 PEOPLE

We solicit your interest in the above items and any other equipment, material, plants and services related to this type of project.

Interested parties should furnish the following information by airmail:

- Name and Address of Company
- Details of Services, Materials or Equipment you can provide
- Guarantees of Availability and Delivery
- Financial Statement
- Three (3) sets of catalogues, brochures or other descriptive printed matter
- Price lists including F.O.B., C.I.F. and C. & F. information if available
- Designated Agents in Iran

THE ABOVE INFORMATION SHOULD BE RECEIVED NO LATER THAN DECEMBER 29, 1975



**Brown & Root**

P. O. Box 3 Houston, Texas 77001 U.S.A.  
Attention: Dept. CHB

One complete copy of the above information with one (1) additional set of catalogues, brochures or printed matter must also be sent to:

**NUMBER 91118  
TEHRAN, IRAN**

## University of Riyadh

The University of Riyadh is planning to erect pre-fabricated buildings for different purposes. This is an invitation for those companies who are specialists in this field.

Please send your catalogue etc. to the following address:-  
Office of the Secretary General,  
University of Riyadh,  
P.O. Box 2454, Riyadh,  
Saudi Arabia.

## Saudi Arabia

SYRIAN ARAB REPUBLIC  
MINISTRY OF THE EUPHRATES DAM  
GENERAL ORGANIZATION OF THE EUPHRATES DAM  
Call for Local & Foreign Sealed-cover  
Tenders for Vehicles & Machinery  
12/84/75, Beirut Nov. 4th, 1975  
The General Organization of the Euphrates Dam calls for sealed cover tenders for the purchase of vehicles and machinery under the quantities and specifications mentioned with the social bill of conditions obtainable from the two Centres of the Organization.  
Those who are interested shall submit their tenders to any of the two centres of the Organization—al-Jubayli, al-Majma' or in Aleppo—al-Jubayli—by registered mail to the General Directorate at al-Thawra town. A bid bond of 5% of the value of the tender shall be enclosed with such tender together with justification papers and catalogues illustrating the technical specifications, and bidders may get a copy of the social bill of conditions at one of our two mentioned centres.  
The closing date shall be the end of office hours in Wednesday, December 31st, 1975.  
At-Thawra  
Director-General  
Eng. Adnan Azzam

METROPOLITAN ESTATE AND PROPERTY INTERNATIONAL, N.V.  
20,000,000 EUROPEAN COMPOSITE  
UNITS (EUROCO)  
SALE, LOAN 1985  
NOTICE IS HEREBY GIVEN that the amount to become due against Coupons No. 2 dated 12th November 1975 from bonds of the above issue is U.S.\$104.50 per coupon or in the case of coupons in respect of which value selections of other currencies of payment have been made: P.F. 275.07 or B.F. 137.12 per coupon as the case may be. Bonds in the principal amount of Euro 750,000 were purchased and cancelled during the year ended 1st November 1975.  
N. M. ROTHSCHILD & SONS LIMITED  
Principal Paying Agent.  
New Court,  
St. Martin's Lane, London WC2R 2DQ.  
14th November 1975.  
THE MOSS ENGINEERING GROUP LIMITED  
NOTICE IS HEREBY GIVEN that bidders must be lodged with the Company by 12 noon on 21st November 1975.  
B. Order of the Board  
K. C. RUSSELL,  
Secretary.

## UNITED ARAB EMIRATES

### EMIRATE OF ABU DHABI

#### Department of Ports

#### INVITATION TO TENDER

#### AIR TRAFFIC CONTROL RADAR SYSTEM

**AUTOMATIC INFORMATION DISSEMINATION SYSTEM**  
The Directorate of Civil Aviation of the Department of Ports invite tenders for the following work:

- 1) Air Traffic Control Radar System for Abu Dhabi International Airport.
- 2) Automatic Information Dissemination system.

Specifications and tender documents for the above work are available from the consultants to the Department of Ports International Aeradio Limited, at the address below upon payment of Dh500 or equivalent.

Tenders will be received until 9.00 a.m. on Wednesday 14th January, 1976 at the offices of:

General Projects Committee  
The Planning Department  
ABU DHABI  
(opposite the Grand Mosque)

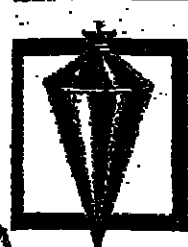
International Aeradio Limited,  
Hayes Road, Southall,  
Middlesex UB2 5NJ, United Kingdom.

## PLANT & MACHINERY SALES

Description	Price	Telephone
1974 Ten Strand roll forming line by Hunter-Douglas. Virtually unused. Capacity 200 mm x 1.2 mm M.S. strip complete with automatic cut-to-length equipment.	P.O.A.	021-556 090 Telex 3346
Vacuum Forming Machine 3000 x 1700 mm, moulding depth 600 mm, plunger double heating frames.	£14,000 f.o.b.	004641-02121 Sweden 3234
1974 Duplex Slitting Line to Process Sheet into a wide range of Accurately Slit Blanks. Fully Automatic Installation. New, unused 220 KVA air cooled Diesel Generator with Stamford Alternator.	P.O.A. £9,000	021-556 090 Telex 3346 Mr. William Aylesbury (0296) 63055
British Polar Diesel Generating Sets, 1250 KVA. Choice of 4 machines.	P.O.A. £2,000 a.n.s.	Melton Mowbray 454 01-253 600
Reconditioned Modern Rolling Mills. Wire Drawing Plant. Slitting, Levelling, Cut-to-length Equipment, Furnace and extrusion facilities.	P.O.A.	021-556 090 Telex 3346
Wanted Used Storage Tanks surplus to requirements.	P.O.A.	0742-2662
1973 Newall SA Cylindrical Grinders—High Speed 12" x 36" Angle Head Plunge up to 10" wide with copy. Completely equipped.	From £15,000 Prices from £2000 £1,350	02992-4387 Dudley (0394) 57453
N.C. Flexwriters for Punching N.C. Programme Tapes—Rebuilt with 2 year Guarantee—Save up to 25%.	P.O.A. £6,250 + VAT	0742-26311 Ext. 254 Telex 54119
Bigwood 16 x 0.049. Cut to length and Forming Line. B & W V.1000—Water Cooled 100 cfm Air Compressor.		as above
5 Ton O.H.T. Crane 37' span motorised 400/3/50. Cab control. Must sell.	Offers over £590	Horley (02934) 5222 Ext. 22

IF YOU HAVE PLANT AND MACHINERY SURPLUS TO YOUR REQUIREMENTS, WE WOULD LIKE TO ADVERTISE IN THIS COLUMN. PLEASE TELEPHONE MR. FRANCIS PHILLIPS ON 01-226 0100.





# Building and Civil Engineering

## Suez Canal enlargement project Portchester renovation

A TEAM of British engineers, economists and researchers are to carry out a feasibility study for the development of the Suez Canal.

Government backing for the study is via the Ministry of Overseas Development which has agreed to make available technical assistance grants to meet a substantial proportion of the cost of the experimental work involved.

The study will determine the optimum width and depth to which the Canal should be enlarged. It will investigate the engineering cost likely to be involved, as well as operational and navigational problems,

relating these to the future development of traffic through the Canal and the charges levied on vessels.

Maunsell Consultants is heading a multi-disciplinary team, with Coopers and Lybrand Associates carrying out the economic and financial studies, the Hydrological Research Station, Wallingford, investigating flow conditions, wave activity and maintenance dredging, and the National Physical Laboratory, Feltham, investigating navigational problems and those encountered by large tankers in narrow channels.

Further specialist advice will be sought, as required, from academic and commercial bodies

such as Cambridge and Liverpool Universities, Imperial College, University of Wales Institute of Science and Technology, and Costain-Blankvoort.

Engineers and research workers from the Suez Canal Authority will participate in the study, by undertaking some of the model studies in Egypt and visiting the research establishments in Britain.

Similarly, the Hydraulics Research Station will be supplying equipment and technical assistance to the SCA laboratories at Ismailia.

The study team is expected to complete its main report in nine months.

PLANT engineers William R. Selwood are helping to restore the tidal moat at Portchester Castle, Hampshire, rated as perhaps the most complete Roman fort in the world. Debris and silt which has accumulated over the years in the inner and outer moats of the castle has been removed using a powerful Hymac excavator.

Main contractor JVO Crood, part of the Trafalgar House Group is now responsible for improving the connecting tunnel under the castle walls between the inner and outer moats, and for rebuilding the penstock which connects the outer moat to the sea. Once complete the penstock will open at high tide, flood the moat, and then close to keep it filled during low tide.

The work at Portchester Castle is being carried out under the direction of the Department of Environment and the Southwick Estate, to which the Castle belongs.

## Big chimneys for Laing

A £700,000 contract to build two large chimneys for the Central Electricity Generating Board at Ocker Hill, Tipton, West Midlands, has been awarded to John Laing Construction, Engineering Division.

The chimneys are for a 280MW electricity generating station being built by other contractors to cater for demand during peak periods.

Each chimney will be 59 metres high with a diameter of over 12 metres and comprise a reinforced concrete windshield or cylindrical skin with four steel flues. The windshield will be constructed using the slipform rapid method of concreting.

## Anti-slip surfacing

AN ANTI-SKID surfacing material which can be applied without special equipment, sets in eight hours, and is significantly cheaper than conventional hot-applied coatings, has been undergoing field trials in the London Borough of Sutton.

Developed and manufactured by Corrosion Technical Services, a member of the Mowlem Group, the material, Corro-Proof Anti-Skid Coating can be applied by squeegee, serrat

trowel or paint spray. It is suited to situations which are inaccessible to hot-applied equipment—such as pedestrian subways, footbridges, car park ramps and station platforms, and it is at a footbridge at Angel Hill, Sutton that the field trials have been conducted.

The coating is supplied in the form of resin, hardener and calcined bauxite aggregate. The resin and hardener are mixed, spread evenly over the surface, and finally sprinkled with the aggregate.

Details from Mowlem, Westgate House, Ealing Road, Brentford, Middlesex. (01-568 9111).

## Roll out the pavement

BARRY STAINES has developed a paving material which can be rolled out and laid in minutes by unskilled operators to provide a non-slip surface which can be opened to traffic immediately.

The company manufactures its Pavex material under controlled conditions at Newburgh, Fife, from the same materials used to form conventional surface dressings—bituminous aggregates combined with mineral fillers.

One difference, however, is the incorporation of an integral jute or synthetic fibre reinforcement material which is impregnated during the manufacturing process with bituminous binder.

This not only imparts strength but also enables the material to be made readily transportable in rolls 91cm wide x 9 metres long.

Pavex is self-adhering to concrete, asphalt, wood and macadam bases, and it can be used to provide an instant new surface to worn bases without skilled operators and specialist plant. It provides an effective means of treatment for slippery roads and can be used as a slip dressing for oil rigs and ships decks, ramps and car park areas.

Once the base, which should be level, dry and dust-free, has been prepared, laying Pavex is a simple operation.

Adjoining sections have to be butt-jointed or lapped and it can be shaped with shears to fit around obstacles and protrusions.

## Fewer site problems

COMPUTERISED techniques for the production and checking of complex drawings for sites involving 10 or more houses, roads, bridges and complex structures of many kinds have been developed by Josef Cieslitz of JVC Surveys of Northampton.

The system, called CADACS, is started to enable drawings to be produced, via a computer, to extremely fine accuracies.

Final results, in graphic and/or numeric form, can be translated very quickly into points for setting out. Accuracy down to 1 mm is possible if required and the effect of this level of accuracy is to reduce traditional site problems to a minimum, it is claimed.

## Compressed air plant

THE CompAir Group has won a £400,000 contract for the supply of Holman and Broomfield compressed air equipment for a major new road construction project in Iran.

The contract has been placed by Marjies Ridgway which is working with the consulting engineers Hammar and Kampax on the construction of 300 km. of roadway from Shiraz through Zabedan to Mirjaveh in Iran.

## IN BRIEF

● WARD, Ashcroft and Parkman (Nigeria), have been appointed by the North Central State, Nigeria, to undertake a feasibility study for an irrigation project in Daura.

● A £320,000 contract has been awarded to Walter Lawrence and Son by the City of Westminster for the construction of a two-storey children's home at Crompton Street, London W2.

● Sigmund Pulsometer Projects a member of the SFP Group, is to supply twenty pumps and associated equipment valued at £150,000 for a £4m sewage scheme serving Boston, Lincoln.

● Housing in Witham and Billericay, Essex, costing £400,000 is to be constructed by Parpak Homes.

● Lilleker Brothers, Nottingham, part of the Eliequp group, has won a £342,000 contract for the supply and installation of interconnecting cabling to plant and buildings at the LNG storage facility of British Gas, at Avonmouth, near Bristol.

● Henry Boot (Construction) has been awarded a £538,000 contract by Nottingham County Council to start the A620 Northern relief road at Retford, Nottinghamshire. This is the first phase of a three-year plan which will be followed by the A638 Retford Eastern relief road.

● Hugh Macrae and Co. (Builders), Inverness, has received a contract worth almost £24m. from the Highland Regional Council to build a secondary school at Ainess, Easter Ross.

● John Laing Construction, Yorkshire region is to build the first phase of a three-form school which will replace the existing Bramley County Primary school for Leeds City Council under a contract worth £250,000.

## Contoured cladding

IN A move to strengthen its hold on the market for metal cladding, Ash and Lacey Steel Products has decided to introduce another product in this field which, it says, will be especially suitable for both roofing and cladding of frame buildings.

The company describes it as sculptured cladding and says it offers a means of improving roofing and cladding techniques and offers advantages in the treatment of junctions. Box-like structures can be transformed into buildings of much greater elegance, it is claimed.

The cladding is produced from flat metal, usually aluminium or steel to which protective and decorative coatings may have already been applied. It is cold rolled into a straight trapezoidal or box profiled sheet which is

subsequently pressed into a variety of curves or arcs in different planes.

Frame buildings can be clad in many ways, canopies can be incorporated and gutters located anywhere from eaves to ground level, to mention just a few of the options. No additional skills in fixing are called for.

It is understood that the material, which has been called Floclad, is already being considered for several major building projects and the company has set itself a sales target of 370,000 square metres for the next 12 months. In terms of invoiced sales this would represent over 5m.

The company (Shaw Street, Hill Top, West Bromwich) says it intends to exploit the market outside cladding for frame buildings, but it intends to control widening of application for the material so that it is not misused. At the same time it will build up a bank of information which can be used in the development of new ideas.

For water supplied by conventional boilers is piped to primary fan coil units which heat the ceiling tiles while secondary fans discharge warm air through grilles into the space beneath.

Thermostats automatically control the output of the primary fan coil units. The balance of radiant and convective heat is arranged so that the air temperature is about equal to the space environmental temperature. This provides comfortable temperatures without stuffiness.

The system makes no demand on floor or wall space and installation costs are comparable to those for radiators and convection heating. At the same time the company claims that during the average British winter fuel consumption should be about 8 per cent lower than that of conventional heating systems.

Powell Duffryn, 5 Stanhope Gate, London W1Y 6LA. (01-340 3043).

## Heat from a hollow ceiling

AN ENVIRONMENTAL ceiling heating system combining the advantages of radiation and convection to provide effective control of space temperature has been developed by Andrew Weatherford, part of the Powell Duffryn Group.

It uses ceiling voids to house fan coil units heated by hot water. The units circulate warm air in the ceiling void to heat the ceiling tiles—which give low temperature radiation—and fans to move warm air to the space below to provide convective heating.

The system is particularly applicable to system buildings such as Clasp, Scala, Method and Seac or any building method

## Cold store for Bejam

SMITH AND Partners has won a contract worth over £900,000 from the Bejam Group.

The contract is for the construction of a 35,100 cubic metre distribution cold-store at Hawley Lane, Farnborough, Hants.

Smith has begun work on the site and it will build the entire capacity of the store into a single fully-racked chamber accommodating up to 6,000 tons at -23°C.

The chamber will be served by 60 metres by 9 metres loading bank, via six automatic insulated doors. This system will allow ten 32-ton refrigerated vehicles to be worked simultaneously.

A regional laboratory is at Philadelphia Lane, Houghton-le-Spring, Tyne and Wear, DH4 4ES (Sunderland 842734).

## Sun heats domestic water

A SOLAR energy water-heater is being mass-produced in Switzerland and is available to the general public for heating water, which has just been put on the market, is the result of the combined efforts of two Lausanne companies.

It is designed to supply, both winter and summer alike, a family's daily hot water needs. Thought has also been given to its appearance, so that it can be incorporated as unobtrusively as possible on a conventional roof, a flat roof, in a garden or next to a swimming pool.

In most cases this device will be connected up to an existing hot-water heating system, which can then be brought into use in the event of a prolonged period without sunshine.

The two companies are also working on the prototype of a solar facade for heating buildings. In addition, one of them has worked out plans for all industrial waste purification plant to be run exclusively on solar energy.

Office Suisse d'Expansion Commerciale, Rue de Bellefontaine 18, CH-1001 Lausanne.

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**BUILDING & CIVIL ENGINEERING**  
A Member of the Espley Tyas Group of Companies  
10 Brook, Park Hill, Sutton Priors, Epsom, Surrey, Middlesex, Surrey, Tel. Bedford on Avon 3721 (20 lines)

## Baler puts the squeeze on rubbish

WORK HAS started on a 2.5m. baler unit in Kirkstall, Leeds, for the West Yorkshire Metropolitan County Council. It will eventually be capable of disposing of more than half of the City of Leeds' rubbish.

The contract for the construction of the baler unit and ancillary buildings has been awarded to Mowlem Northern and is valued at around £900,000.

High-density baling plant will be capable of reducing waste by 8.1. Waste material treated at the plant will become completely inert and static needing no baling or lucing. The bales will eventually be used for filling and levelling. 134 acre former colliery and brickworks site into a parkland setting for housing at Middleton Broom Valley.

Based on an American design the plant is scheduled to be completed and operational by November 1976.

## Materials testing

J. HAGGIE Patterson and Associates, consulting engineers, has opened two laboratories in the Midlands and the North-East for the inspection and testing of construction materials.

Central facilities are at 10, Willesey Road, Moseley, Birmingham, B15 0AT. (021-778 1271), following the recent move from the head office to that address from Brook Lane, Birmingham.

A regional laboratory is at Philadelphia Lane, Houghton-le-Spring, Tyne and Wear, DH4 4ES (Sunderland 842734).

## Winding in progress at Hartlepool

WIRE WINDING has begun at Hartlepool nuclear power station under full 24.1 kN tension, marking the first use of hoop prestressing on a commercial high-pressure concrete vessel.

Both the system and the wire winding machine have been designed and developed by Taylor Woodrow as part of a detailed programme.

The Taylor Woodrow wire winding system is based on the use of concentrated bands of high-tensile steel wire wound

under tension into channels preformed in the pressure vessel wall. The wires are arranged in layers and anchored at each end to pegs, which slide into sockets in the walls of the channel.

Winding is carried out from an annular platform surrounding the vessel, which is capable of being located quickly at any required level. A wire tensioning device, power unit, control panel and wire store are carried around the vessel on vehicles mounted on the winding platform. Two machines can be used simultaneously, independent of each other, and can be easily moved to a new position by means of winch ropes and pulleys fitted to the columns.

The current machine can lay wire, strand, of steel tape having a guaranteed ultimate tensile strength (GUTS) of 10,000 pounds. The tension in any wire

is limited to 75 per cent of the GUTS and is controlled by an electronic/hydraulic system to within  $\pm 2$  per cent of the specified force in any wire or strand, giving even closer control of the total force in the band.

The machine can lay bands of wire up to 40 inches wide, the designed travelling speed being 6 feet per second, which has been exceeded in tests. At present, 3,450 pounds of wire are carried, sufficient for one complete layer in a channel 24 inches wide. Stressed wire can be unwound by reversing the machine. The machine requires an operating width of 8 feet with a top clearance of 2 feet and a bottom clearance of 8 feet. It can wind vessels from 30 feet up to 80/90 feet diameter.

TaylorWood is at 345 Ruislip Road, Southall, Middlesex UB1 2QX. (01-675 4413).

## Heat costs cut by half

SPECIAL DEVICES and technical innovations designed to slash losses of thermal energy in houses are incorporated in an experimental house recently built near Malmö, South Sweden, by the building materials and equipment group, Euroc AB. It is calculated that a saving in heat input of 50 per cent or more can be attained.

Named the Thermoroc house, it has a floor area of 150 square metres and is triple-glazed. It routine airing of a house to about one-third. This is done with the aid of a heat exchanger, which transfers the heat from

collecting system made up of 52 glass-covered collectors which together form a ramp, inclined at 70 degrees which faces south. Total surface area is 52 square metres.

Water passes through the collectors and when heated a predetermined temperature by the sun it is pumped into coils in the floor. Most thermal energy thus obtained is used for basic heating, and the surplus is stored in a special tank for use later. Cheap night-time electricity is meanwhile stored in an electric heating tank.

The Euroc house has a new ventilation system which is said to cut heat losses during the heating of a house to about one-third. This is done with the aid of a heat exchanger, which transfers the heat from

outgoing air to incoming air. Another patented system utilises the heat from waste hot water to heat up new hot water. The waste water is then released into the municipal outflow system.

A new type of building material has been used for the Thermoroc house for tiling, facing, and bathroom flooring. Called Fibroc, it is fibreglass-reinforced and bound with cement. Subflooring is likewise made of new material, a viscous substance chiefly derived from waste gypsum which can be pumped over the area in question and finds its own level. Floor-laying speeds can be increased by 5-6 times.

Waste gypsum is also used in a sound-absorbing board for ceilings.

# CONSTRUCTION MATERIALS PLANT AND EQUIPMENT

Mahak Costain Joint Venture intends to solicit quotations from qualified Iranian and International prime manufacturing organizations for materials, services and equipment required in the construction of a large township in Southern Iran involving housing, shops, schools, offices, warehouses, community and other buildings and all related support facilities.

## Major categories of interest are:-

### ● MARINE EQUIPMENT - ALL TYPES

Tugs  
Barges  
Landing Craft  
Work Boats

### ● LAND EQUIPMENT - ALL TYPES

Front End Loaders  
Backhoes  
Mobile Cranes  
Compaction Equipment  
Bulldozers  
Compactors  
Generators  
Rock and Core Drilling Equipment  
Off Highway Trucks  
On Highway Trucks

### ● PREFABRICATED OFFICES BUILDINGS, SHOPS AND HOUSING

### ● MATERIALS

Cement  
Reinforcing Steel  
Windows  
Doors  
Glass  
Paint  
Electrical Supplies  
Pipes and Fittings  
Sanitary Ware

### ● PLANTS - COMPLETE

Rock Crushing and Washing  
Concrete Batching  
Asphalt  
Diesel/Gas Turbine Power Plants

### ● CATERING AND HOUSEKEEPING FOR APPROXIMATELY 17,500 PEOPLE

We solicit your interest in the above items and any other materials, services, equipment and plant related to this type of project.

Interested prime manufacturing organizations should furnish the following information by airmail to arrive within 30 days of the appearance of this Notice.

- Name and Address of Company
- Details of Materials, Services or Equipment which are manufactured
- Guarantees of Availability and Delivery
- Financial Resources Statement
- Catalogues (2 sets) with Price Lists including F.O.B., C.I.F. and C and F information if available
- Evidence of Production Capacity
- Designated Agents in Iran

The above should be sent to:-

MAHAK COSTAIN JOINT VENTURE  
P.O. Box No. 232 London SE1 7UE, England

and separately to

No. 91118  
Tehran Iran

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SCOTLAND, 1000, Warrington Rd, M27 5BP. Tel. 0547 20237.



# Where planning agreements might really help

THE Government's new approach to industrial policy, formally launched at Chequers last week, may be a world away from the old but it does not mark a complete break. The two principal innovations proposed during the first phase were planning agreements and the National Enterprise Board. The Government not only intends to carry them over into Phase II but sees them playing a key role as "powerful new instruments" for tackling industrial problems at the level of the individual company.

How far the chances of either making a useful contribution have been quashed by the needlessly abrasive manner in which they were floated during Phase I remains to be seen. Now that the Industry Act, which provides the legislative backing for both concepts, has reached the statute book, it is up to Lord Ryder and his team to see what they can make of the powers and resources of the National Enterprise Board. But the success — and indeed the operation — of a planning agreement system depends entirely on the willingness of industry to co-operate and, better, on the willingness of the Government to co-operate with industry. There will always be the possibility of pleading special circumstances which would be used to justify an exemption. Indeed one of the summit subjects, namely energy, Britain has already pre-emptively declared it is a special case and is therefore seeking a high minimum price for oil — a position acceptable to the other Europeans and the Japanese neither in style nor in substance.

U.S. elections The communiqué which is to be published to-day will no doubt seek to disguise the differences, but the normal process of politics suggests that they will quickly re-emerge. Above all, there is one point which cannot conceivably have been honestly discussed at the summit, but which is of fundamental importance. This is that for the next year at least the U.S. is condemned to a weak and perhaps unstable Administration as the election campaign becomes dominant under a Presidency where the incumbent is uncertain even of gaining his own party's nomination. It is in the Europeans' interests to take this situation into account. There has been little sign of this at Rambouillet, where the Community as such was not even represented.

Political problem This impasse immediately poses a tricky political problem for Mr. Eric Varley, Mr. Wedgwood Benn's successor, who has the unenviable task of ensuring that the planning agreement system is successfully launched. No doubt, given time and a few appropriate assurances, it would be possible to soften industry's resistance at least to the extent of securing a respectable first tranche of agreements. Alas, Mr. Varley, politically, probably has neither the time nor the manoeuvring room certainly not for more public reassurances. Unless he can show some results in a few

weeks' time, the Government could face pressure from the Parliament. Left which it would doubtless prefer to avoid while beyond Westminster it has to consider the TUC. Yet the document which Mr. Varley and the Chancellor presented at the Chequers meeting was some of the way towards meeting the CBI's need for reassurance. It recognised that priority will have to be given to industrial development over consumption and even over social objectives, that a strong industrial base means adequate profitability, and — by implication — that the Price Code will eventually have to go or at least be substantially relaxed. More specifically, in relation to planning agreements, the

To these two initial objectives, Mr. Wedgwood Benn, in his own particular fashion, added a third. Planning agreements would be a way of introducing "industrial democracy" by harnessing the power of organised labour in the search for higher standards of performance and efficiency. Then, in the "discussion document", which appeared in August after Mr. Varley had taken over, yet another objective (which had been somewhat vaguely hinted at in Mr. Wedgwood Benn's White Paper a year earlier) was adumbrated. Planning agreements would be a way of bringing about greater consistency and stability in Government policies towards industry, or at least a greater awareness

where the two sides enjoy a real sense of partnership. There could, of course, be no question of replicating French or Japanese conditions here, but at least it ought to be possible to develop a sense of partnership and, eventually, of trust. Planning agreements are not the only, or even the most direct, way of achieving a Government-industry partnership. Even in France, planning agreements with individual companies have always been an ancillary. But, given that Mr. Varley is faced with the task of making a go of the idea, the best chance of winning would be to make industry answerable for its use of regional incentives and other financial assistance provided by the Government and, as part of the same process, individual companies would be expected to conform with particular "national needs" such as import saving, higher exports, or a better regional distribution of investment and employment.

Initially, in the pre-1974 (or Stuart Holland) version of the concept, planning agreements were to serve two primary purposes. First, they were to be a means whereby the largest corporations in industry — which was becoming highly concentrated in structure and highly multi-national in scope — would make publicly accountable. Secondly, planning agreements would make industry answerable for its use of regional incentives and other financial assistance provided by the Government and, as part of the same process, individual companies would be expected to conform with particular "national needs" such as import saving, higher exports, or a better regional distribution of investment and employment.

nessman living in this country, is the moving spirit behind the attempt to form a new society and says he met the bill for Friday's lavish Hilton Hotel dinner. He is a director of Natural Gas Tubes, a steel concern which has a plant in Huntingdon and is about to open one worth £4.5m. in Foot's Ebbw Vale constituency. Paul says the time has come "to heal the wounds" between Britain and India. However, he says that the initial approaches for the new plan came from Congress President Barooah. According to Paul's account, some Indians are not keen on a friendship society. The main rival is likely to be the old India League which has a weekly newspaper with a column which delights in sniping at British newspapers. The opponents asked the High Commissioner to try to persuade Mrs. Gandhi to forbid Barooah to attend the London dinner. The Indian leader disregarded all opposition and even sent her own message of support to the gathering. Paul reckons it will take about six months now to get the society formally on the road.

Chateau talk No doubt we must be patient to see if any solid benefits flow from the six-power summit at Chateau Rambouillet, near Paris, which ends to-day. But there was certainly an advance for ecumenicity yesterday, when President Ford, not a Catholic, accompanied President Giscard d'Estaing and Italy's Aldo Moro to mass at the church of Poigny-La-Forêt in a small village nearby. Less charitably, there is some deep scepticism in some quarters about the weight of

could find themselves being a question of political will. For example, would the 25 per cent rate of VAT have been imposed on colour television sets as television tubes if Thoru Phillips, the two principal tub producers, had been parties to planning agreements? Would governments have been quite wedded to open door trade policies for low cost imports textiles, clothing and footwear if the principal companies in these industries had been long standing parties to planning agreements.

There is, on a more mundane level, the question of cost escalation insurance for companies tendering for large contracts. Would the feedback from a system of planning agreements have led to the scheme introduced in February being brought in much earlier and, a more comprehensive form. At a more fundamental level, there is the potential scope for conflict between industrial policy and competition policy, a conflict that surfaced in activities of the Industrial Organisation Corporation in latter 1960s and which can again arise not only through planning agreements but also through the sectoral approach to industrial problems. The Healey-Varley paper envisages for the Economic Development Committees. After all, both France and Japan, competition policy takes seat place to industrial policy. Indeed, the French planning agreement system is found on collusion.

Other tests One could go on posing old tests of what could be met and is meant in other countries by a government-industry partnership, whether or not is cemented by planning agreements. In a sense, Whitehall traditional dilemma in choice between a regulatory or at least an arms length relationship with industry and something more intimate may be easier to resolve as a result of EEC membership. In matters Whitehall is now fitting itself in natural discipline with industry in fending off threats to particular U. interests. Britain's opposition to the Commission's ideas on how best to abate river pollution provides a first-class example. It may be that out experiences of this kind at beginnings of a new government-industry partnership in this country could emerge. So planning agreements may play a limited and useful part in helping to reinforce the relationship — and not merely the way that the Lilliputian

What, basically, is at issue is tied down Gialliver.

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The man in the middle in ensuring that planning agreements are successfully launched is Mr. Eric Varley, Secretary for Industry. On one side is the manner in which Mr. Anthony Wedgwood Benn (left), his predecessor, introduced the concept; on the other is the continuing hostility of the Confederation of British Industry, whose director-general, Mr. Campbell Adamson (right), only a month ago outlined further steps in the CBI's campaign against the idea.

Varley-Healey paper went some way towards cutting down on the multiplicity of conflicting objectives with which the concept was being burdened.

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## MEN AND MATTERS

### IMF's man from the Bank

Since the late 1960s, we have had to get used to periodic visits from various super-bank managers in the shape of International Monetary Fund emissaries anxious to check through the accounts at times of national difficulty. It is a considerable irony that the man who filled the role this time round is an Englishman and a former senior official of the Bank of England. Alan Whitmore, whose visit came on the heels of Britain's application for \$2bn. of loans from the IMF was until 1964 deputy chief cashier of the Bank, when he left to start his present job as head of the Fund's European department. That office is based in Washington, for though the IMF does have "branches" in Europe, they rank as listening posts rather than executive centres.

It was an American, Richard Goodie, who conducted the quarter-to-quarter formal surveillance of Britain's affairs over the duration of the big post-devaluation loan taken out in 1968. Admittedly, that borrowing was on a much tougher basis, with a letter of intent on economic policy being required before Britain was calling more fully on its credit lines than it is at the moment. For a country with such chronic economic ills, Britain manages to play a prominent part in supplying high-powered executives to the IMF. One of the key posts in a legally-minded body like the Fund is that of general counsel and director of the legal department, held by Englishman Joseph Gold. Other top Britons there include deputy treasurer David Williams and Whitmore's own deputy, Brian Rose.

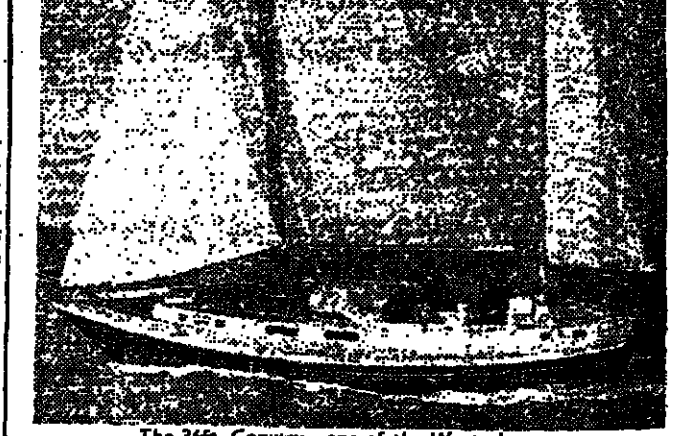
All the same it would be

counting unduly on other countries' indulgence to consider moving the IMF headquarters to London, though suggestions of a switch to Europe have come up in the past, mostly from the French. Whitmore, Cambridge-educated, joined the Bank of England in 1950 and soon left little doubt that he had a considerable career ahead. One of his tasks before becoming deputy chief cashier was to help start up the Bank's widely-studied Quarterly Bulletin. A youthful-looking 48-year-old Whitmore makes a fairly suave bank manager. Difficult to know whether we should be relieved or nervous that our problems are being scrutinised by one of us.

Befriending India Indira Gandhi, India's Prime Minister, has given her personal blessing to an attempt to found a new Indo-British friendship society, but has not been able to stop some squabbling among Indians in this country with opponents appealing for help to her own High Commissioner in London, Braj Nehru.

A dinner in London basically to test the atmosphere was attended by quite an array of prominent Indians and Britons. To underline Mrs. Gandhi's support the President of her ruling Congress Party, Dev Kanta Barooah, came specially from Delhi to attend. On the British side, Employment Secretary Michael Foot, with a long-standing interest in India, was there and so were Reginald Maudling, Fenner Brockway, Mark Bonham-Carter, the Everest conqueror Chris Bonington, and journalist James Cameron. Foot spoke sturdily of the importance of democracy.

Swraj Paul, an Indian busi-



The 36ft. Conway—one of the Westerly range.

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# FINANCIAL TIMES SURVEY

Monday November 17 1975

## VENEZUELA

From New Year's Day Venezuela will assume control over its oilfields, which have up to now been controlled by foreign companies. The question now facing President Perez and his Government is how best to channel the oil revenues to the benefit of the community at large.

### Need to spread the oil riches

Hugh O'Shaughnessy

*Latin America Correspondent*  
VENEZUELA'S trade surplus has risen from \$1.4bn. in 1971 to \$10.4bn. in 1974. The amount of money that the State had at its disposal increased over the same period from 11.6bn. bolívares to 42.6bn. bolívares. The wealth has flowed over the country like a tidal wave.

The port of La Guaira is already starting to seize up under the weight of goods being sent to Venezuela for the Christmas spending spree. Around Caracas the shopping arcades spring up lined with boutiques stuffed to the brim with imported luxuries. On the motorways traffic grinds to a halt at rush hour under the pressure of enormous U.S. cars burning up petrol at the equivalent of 8p a gallon. The price of land in the outskirts of the apartment blocks and the new luxury housing estates start spreading over what a year or so ago had been open fields.

Feeling its strength as a member of OPEC and needing to boost investment in the oil industry in the light of the unwillingness of the concessionaires to put more money into the leases that were to revert to the State within a decade, Venezuela now finds itself within a few weeks of its New Year's Day deadline for the nationalisation of the oil companies, which have mostly been in the hands of U.S. companies. Just like some rich heir taking control of a trust fund from which he had previously been getting only an allotment of income the Venezuelan Govern-

ment is preparing to assume responsibility for its own future and cast aside the role of a pensioner.

There are two conflicting opinions about how the nationalisation will work out in practice. The pessimists say that after the relatively friendly handover against agreed compensation—in the course of which President Carlos Andres Perez has been careful to avoid political confrontation with the U.S.—the thing will go downhill fast.

The pessimists on the Right say that the shocking failure of the State to make any sort of success of its efforts to enter the petrochemical field—as witnessed by the unsatisfactory situation at the El Tablazo and Moron plants—will now begin to make a mess of a sector which the foreigners had brought up to the peak of efficiency. Petroleos de Venezuela, the new petrochemical holding company, and its operating affiliates, heirs to Exxon, Shell and the rest, will become, they argue, political footballs kicked around between government and opposition and a quick prey to the sort of corrupt take-offs and kickbacks that had been absent from the foreign-managed operation of the oilfields, at least in its more recent years. Venezuela will lose her markets for want of expertise in selling oil abroad and administrative chaos will soon reduce the whole operation to a lamentable state.

Pessimists on the Left, on the other hand, feel that the nationalization *chucuta*, the cockeyed nationalisation, as they call it, will benefit no one

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but the two principal political parties, the governing Accion Democratica of President Perez and Dr. Rafael Caldera's opposition Social Christian COPEI, and the foreigners. The Left is convinced that the Government is secretly set on making the nationalisation Bill the occasion for an undercover sell-out to the foreigners.

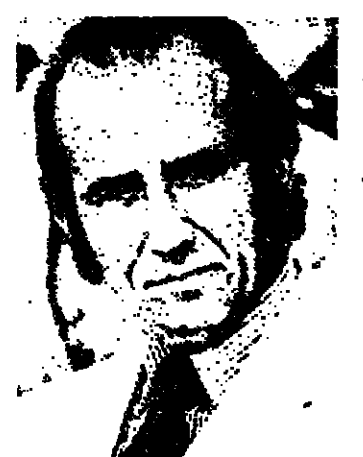
The Left points to the hotly debated Article 5 of the Nationalisation Law, which allows the State to continue to conclude association agreements with foreign companies, as evidence to the perfidy of the Government.

The optimists, and there are many in the Government and the oil industry itself, say that Petroleos de Venezuela will have its performance subjected to such searching observation and will be so conscious of its hitherto competing operations.

Whatever the exaggerations of the optimists on the one hand and the pessimists on the other, there is no doubt that the nationalisation operation is a very much more ticklish one than any attempted in other areas such as the Middle East. Venezuela exports a much larger proportion of finished products than any Middle East country. Up to half Venezuela's crude goes abroad in refined form, which makes the job of marketing much trickier and the task of maintaining and improving the techniques of refining a difficult one.

During the regime of concessions to foreign oil companies, the industry employed relatively few foreigners. To-day, there are fewer than 5 per cent. foreigners in the foreign-owned oil companies, which proves that Venezuelans are totally at home in operating the plants in their country. What is lacking, however, is the research and development which the foreign companies have in the past worked out in their own countries and applied to Venezuela and which the country will now have to find for itself, either by buying it in from abroad or by attempting to build up its own body of expertise. Whatever solution is adopted the next few years will be an exceptionally taxing time for Venezuelan oil experts.

Whether the newly nationalised oil industry will succeed in avoiding the pitfalls into which the State petrochemical companies fell has yet to be seen. But one can surmise that the forecast of the pessimists, in some cases put about by the foreign oil companies them-



Carlos Andres Perez, President of Venezuela

Government and the companies see the need to maintain Venezuela as a reliable supplier of oil in the Western Hemisphere whose stable political system must be helped to survive.

With the disappearance of the parliamentary system in Chile, and if we put aside the case of Argentina, where the parliamentary system looks daily closer to violent death, Venezuela is left as the only major country in the Latin American region where such a system survives. This is all the more remarkable because from the time of Venezuela's independence from Spain in the early 19th century until less than two decades ago the country had suffered a succession of personal dictatorships and tyrannies.

And the parliamentary system

### Confidence

One can have a fair degree of confidence that the Venezuelan oil industry will not slide into chaos from the New Year on as a result of lack of skills. While the U.S. and other oil companies will doubtless try to drive hard bargains for the continuing supply of their technology to Venezuela and while the U.S. Government and Congress have shown their hostility to OPEC, of which Venezuela was a founder member, the U.S.

CONTINUED ON NEXT PAGE

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Venezuela is both earning and spending money at a phenomenal rate, and the Government has been criticised for not imposing stricter discipline on State expenditure. Reduction of the excessive dependence on oil revenues is now a major priority.

## The economy

IN A RECENT address to the Anglo-Venezuelan Chamber of Commerce in Caracas Dr. Constantino Quintero Morales, head of the Fondo de Inversiones de Venezuela (FIV), the State corporation set up to absorb much of the excess oil revenue which the Government cannot immediately spend, talked about Venezuelan plans for setting up a banking operation in the City of London. Having decided that its initial capital would be \$30m, the FIV was, he said, now choosing whether to set up its own operation from scratch, whether to buy into some existing institution or whether to instal a joint operation with British, European and other outside partners.

Though he said that the new institution would be a base from which to invest and to arrange industrial and technological deals, he added that it would be useful as well in the context of Venezuelan plans to borrow money. He estimated that Venezuela's needs would be for up to \$600m. over the next few years, a rather lower figure than has been reliably quoted on other occasions.

Venezuela, having received more income than ever in its history, is nevertheless in the market for more money. The country is spending at a phenomenal rate. Exports according to latest statistics from the Central Bank were 19.2bn. bolivars in the first five months of the year, against imports of 7.2bn. bolivars, but with the continuing cuts in Venezuelan oil production and a general easing of international oil prices the gap could well narrow sharply. Some observers even go as far as to predict the scarcely credible that in a few years Venezuela could even have a trade deficit. The country's reserves, which at the beginning of the year stood at \$6.03bn, in September fell marginally to \$5.7bn, from the level of \$5.8bn the month before.

### Capital

Next year, according to the Finance Ministry's budget plans, capital spending by the State will be 14bn. bolivars, 948m. less than this year. Moreover, it is likely that the FIV will not receive any extra funds from the central government in 1976. Government spending on the current account, which last year came to 16.5bn. bolivars, double what it was in 1970, will take a further jump next year.

In the opinion of some



FOREIGN TRADE (bn. bolivars)				FOREIGN EXCHANGE RESERVES (bn. bolivars)	
	Exports	Imports	Export surplus		
1970	12.1	7.4	4.7	1970	3.9
1971	14.8	8.3	6.5	1971	5.8
1972	16.3	8.5	7.8	1972	6.6
1973	23.6	10.9	12.7	1973	10.1
1974	62.5	16.1	46.4	1974	27.2
1975 (to end May)	19.2	7.2	11.0	1975	37.5 (August)

Source: Central Bank.

observers there is not enough discipline being imposed on spending by the State.

Opinions differ on what effect this spending has had on the rate of inflation. According to the Central Bank the cost of living in the Caracas metropolitan area rose by 12.2 per cent. during calendar 1974 and that in the 12 months to the end of September this year it went up by 11.6 per cent. The Bank blames much of this rise on the increased unit cost of imports, though it recognises that the Government's policies of stimulating employment and raising the purchasing power of the poorer sections of the community caused a jump in prices, particularly after the price freeze imposed during the first half of 1974.

Observers outside government, as is not unusual in other

countries, claim that the official figures underestimate the rate of inflation, which they claim is around 20 per cent.

The big expenditure by the State will only be justified if it begins to bear fruit in the next few years. According to the estimates of Cordiplan, the National Planning Commission, the growth rate of the economy should pick up from last year's rate of 5 per cent. to something nearer 5.5 per cent. in 1975 and to 6.3 per cent. next year. At the same time the importance of petroleum to the economy should decline from a 20 per cent. share of the GNP over the period 1969-73 to no more than 12.6 per cent. in 1976. But it warns that this healthy move away from too great a dependence on petroleum production and refining will only be

achieved if the big capital projects, such as the building of the Caracas metro, the expansion of the steel industry, aluminium production, go forward as planned.

An appraisal of the outlook for the economy by the Latin American Economic and Social Council is optimistic about the future for the much neglected and backward agricultural sector which, it says, can grow by 8 per cent. this year and next.

The present free spending policies of the Government will only be justified finally if Venezuela is within the reasonable period of a decade or so able to achieve that diversification which will reduce its excessive dependence on oil and provide the jobs that its population so sorely needs.

H.O.

## Riches

CONTINUED FROM PREVIOUS PAGE

shows every sign of vigorous life and development. Congress and the Governments of the individual States within Venezuela are dominated by two political parties of a reformist character which lack much firm ideology.

The principal opposition party, COPEI or the Social Christian Party, is sister to the Christian Democratic parties of Europe and Latin America. It won the general election before last, after a split in Accion Democratica's ranks, and thus put an end to 10 years of Accion Democratica Government. By so doing he put the system to the test of allowing one party peacefully to take over power from another. This delicate operation for Venezuela was successfully completed for the first time when Dr. Caldera took office in 1969 and was repeated in 1974 when Accion Democratica, bouncing back with its candidate Sr. Carlos Andres Perez, took over from President Caldera.

Throughout the 1960s the parliamentary system had to face the challenge of widespread guerrilla activity by Marxist groups for a time assisted by the Castro Government in Cuba. But these never acquired any great popular support and with the withdrawal of Cuban support and the outbreak of numerous quarrels within the movement the guerrilla threat to the two main parties has virtually disappeared.

Gone too is the challenge from the Right-wing supporters of General Marcos Perez Jimenez, the dictator who ruled Venezuela for much of the 1950s. Though it is not unusual to meet the taxi driver who sighs for a return to the squandering days of the dictatorship, the General's political following has also sunk to insignificance as his supporters quarrel for the very dubious honour of his political blessing.

It is a very encouraging sign of the increasing maturity of Venezuelan political life that the debate has turned away from the personal rivalries of the bemedalled generals such as the greedy and egotistical Perez Jimenez to the romantic hopelessness of groups of guerrilla fighters in the distant undergrowth to more profound questions. The bipartisan system of AD alternating with COPEI is being called increasingly into question as those two parties with their fundamentally similar schemes of reformism come increasingly to look like Tweedledum and Tweedledee, and it emerges more and more clearly that despite all the vast financial resources of the State that they have at one time or other managed, neither has been able to make much headway against the country's problems of continuing mass poverty, unemployment and bad housing.

Out of a population of less than 12m. there are several million who are without a proper roof over their heads and the situation is getting no better. Dr. Juan Pablo Perez Alfonso, the sternest critic of Venezuelan society, whose ideas are set out at more length elsewhere in this survey, quotes the

horrifying fact that 55 per cent. of all children under six in Venezuela are undernourished.

It is evident that far from the two biggest political parties imposing a brutal reign of enforced egalitarianism and creeping Marxism such as the Venezuelan Right and foreign oil company executives were lugubriously warning against a decade ago, there has been all too little redistribution of wealth. It must be said in defence of President Perez that he has at least been seized of the urgency of the situation. As he remarked recently: "We have got income redistribution and unemployment beaten on paper. Now we must make sure our plans go into effect." During his first year and a half in office the President has kept his promise of signing one thousand decrees in order to lay the juridical basis for his reform programme. He has got three and a half years left in which to make them a reality.

His mind should be concentrated on his task by the fact that there is a growing body of voters in the country who are looking for a large dose of red-blooded Socialism as an alternative to AD and COPEI.

Out of the struggling mass of Left-wing parties of the 1960s—Muscovites and Maoists, Castroites, Trotskyites, Marxists and non-Marxists—there has emerged one particular force, the Movimiento al Socialismo or MAS, which if it can manage to maintain its internal cohesion looks like presenting a growth challenge to the two major parties. Though its candidate in the 1973 presidential elections, Sr. Jose Vicente Rangel, got only 230,000 votes, or only a small fraction of the 48 per cent. that Carlos Andres Perez obtained, it has since made some notable gains in trade union elections.

Calling itself a Socialist rather than a Marxist party, it has as its secretary general Senator Pompeyo Marquez, a former member of the Vene-

zuelan Communist Party of left that group at the time, the Russian and East European invasion of Czechoslovakia, who is one of the most forthright personalities in Venezuelan politics today.

Bitterly hated by the tiny Venezuelan Communist Party, condemned by the Soviet and with polite but distant relations with the Cubans, MAS belongs to that growing group of Socialist parties in Latin America which are seeking to work out their futures independently of Havana, Moscow, Peking or any other power centre. Its closest foreign friend is, intriguingly, Preside Nicolae Ceausescu of Romania.

### Declining

The rest of the political spectrum needs little comment made up as it is of declining groups of the personal followers of individual politicians, Luis Beltran Prieto Figueroa, MEP and Jovito Villalba's UR, or the Left-wing splinter group such as the once guerrilla oriented MIR or the Venezuelan Communist Party whose leader (septuagenarian leaders at that) the Machado brothers, have recently quarrelled. Eduardo Machado quitting Gustavo party and going off to found the Vanguardia Comunista.

It will not be long before AD, COPEI, MAS and the rest get a reading of their political popularity. For the first time in Venezuelan history a senatorial by-election has to be held a both the senior senator and the two deputy senators for the State of Anzoategui have died. No one should be surprised if MAS increases its vote.

The biggest challenge that will face any party in Venezuela will be that of organising the country's wealth and demonstrating that, contrary to the gloomier forecasts of Dr. Perez Alfonso, the money can be put to productive use and not frittered away in an orgy of frivolous spending.

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## VENEZUELA III



Cerro Bolivar iron ore mine.

The Venezuelan Investment Fund was set up to channel some of the country's oil revenues into domestic industrial investment. Its income during the past year has fallen somewhat, but the fund is still aiming to help a wide range of industries and money has been made available for international aid programmes.

# Investment Fund

**DURING THE** euphoric days of 1974, when Venezuela was earning far more petrodollars than could prudently spend, Government planners hit upon the idea that a special fund should be set up in order to channel part of the country's unexpected flood of new oil revenues. As a result, President Perez created a petrodollar piggybank called the Venezuelan Investment Fund (VIF) in June of last year, with the intention that the new institution would alter the country's internal economy from galloping inflation by depositing part of the government's prodigious oil income in foreign banks, and at it would finance the external elements of expensive industrial projects—such as steel, aluminium and hydroelectric plants—which are high on the Perez Administration's list of priorities. Without saying so, the Government was also quite early interested in saving itself from the natural tendency to overspend and waste in domestic programmes. Now, after 18 months in operation, the fund has become the latest accumulation of liquid capital in Venezuela and holds the key to financing the nation's ambitious plans for economic growth and social improvement. In its first year of existence, the VIF was wallowing in black ink: it received \$3.02bn. from the national Treasury as part of the Government's overall petroleum income of \$5.56bn. about 90 per cent of this money was placed in foreign banks (U.S., England, West Germany, France, Japan, Italy, Switzerland and Canada) in the form of highly liquid deposits ranging from two to 180 days, and the fund collected about \$60m. in interest, showing an earnings yield of 3.78 per cent. The VIF spent relatively little on its own small staff (about 180m.) and used the facilities of the Venezuelan Central Bank or placing its international deposits.

### Pinch

Now with assets reaching \$5.5bn., however, the fund has seen the first Government agency to feel the pinch of depleted oil revenues, which have slipped from \$5.56bn. last year to about \$7.56bn. in 1975. Treasury payments to the VIF were cut back from an expected \$3.07bn. to \$2.23bn., a reduction of almost 30 per cent. And next year's Federal Budget, which was to have allotted the fund around \$2bn., does not provide any payments to the VIF. This does not mean, though, that the fund is going broke. According to the VIF director, Constantino Quero Morales, a former Development Minister, the institution will expand its financing programme on the domestic front and will continue serving as a spur to domestic growth. Cuts in the VIF's income are not done whimsically, but are the result of a formula tying the fund's share of Government oil revenue to total petroleum income. According to the decree setting up the fund, it should obtain 50 per cent of all Government taxes on oil and gas based on revenues for 1974. If petroleum income increases with respect to the 1974 figure, the VIF's share of total Government oil revenues would rise; if income drops in relation to 1974, as it has been doing, the fund's income also drops according to a formula. Venezuela expects next year's petroleum earnings to be about \$5.72bn., and the Government

at this time does not foresee any payments to the VIF. Sr. Quero Morales says that the VIF will give considerable financial support to new steel and aluminium manufacturing facilities in the country's mineral-rich Guayana region. Total Government investments in basic state industries are expected to reach about \$7.4bn. over the next four years, he said, with the fund contributing some \$4bn. and the rest coming from banks, bond issues and other creditary arrangements. In addition, the fund's financial aid will be felt in hydroelectric power, shipbuilding, petrochemicals, coal production, iron works and factories which will produce parts and equipment for the petroleum, mining and construction industries.

### Package

The Government's five-year national development plan calls for State outlays of about \$24.4bn. up to 1979, and the VIF's share of this package, while still under discussion, will be considerable. So far the fund has given substantial support to domestic Government endeavours. It has lent the State-owned steel company, Sidor, \$480m. as part of the company's \$2.5bn. expansion programme, and has provided \$70m. to Alcasa, a mixed capital aluminium company which is boosting production from around 50,000 tons of aluminium per year to nearly 120,000 tons. The VIF also purchased stock and granted loans amounting to over \$222m. to the State-owned shipping company C. A. Venezolana de Navegacion, and to the firm which will develop the country's shipbuilding capacity, Covimar.

In addition, the newly nationalised petroleum industry, Venezuela's chief source of income, is expected to receive loans from the VIF as the State-owned complex alters domestic oil refining plants and acquires a tanker fleet. Beyond these projects, the VIF is evaluating almost a score of other requests for loans, mostly from government agencies. (The World Bank is aiding the fund in its review of the most important proposals.) Ambitious plans developed by the Corporación Venezolana de Guayana (CVG), a regional development agency which oversees the most important State industries, a sorely-needed project for consolidating the nation's lagging petrochemical industry, railroads, agricultural expansion, coal production, a special steel plant, the manufacture of petroleum-based proteins, a pulp and paper mill and several propositions from private investors are now under study. In the area of international economic aid, the Venezuelan Investment Fund has played a key role up to this time. Nearly \$500m. in VIF money has been paid to the World Bank in a loan programme directed at developing nations suffering from a balance of payment problems due to higher prices for imported petroleum. Central American Governments have been paid over \$119m. under an agreement by which payments for Venezuelan petroleum products in excess of \$5 per barrel may be used by the purchaser countries as long-term loans for domestic development. Since the programme began early this year, the fund has already received about \$2.8m. in interest from

participating countries. And the VIF has begun paying instalments toward a \$500m. trust account that is being administered by the Inter-American Development Bank.

These and other foreign aid programmes—including emergency relief—are expected to total more than \$1.5bn., but the impact of this expenditure will not be immediate since payments are generally made over an extended period of time. While opposition politicians have charged that the country's foreign aid money would be better spent at home, Sr. Quero Morales defended the Government's policy, saying that opponents are being "irrational" and are victims of "political nearsightedness." The Government is already spending heavily on domestic projects, he said, and is "reinjecting" a significant portion of its financial resources into the international financial system. "In this sense," he went on, "international financial co-operation is not just a generous act but an economic obligation inspired as much by pragmatic factors that favour Venezuela as by the interests of international justice."

He noted that Venezuela, unlike the big industrialised countries, is not lending money to underdeveloped nations at very low interest rates and simultaneously expecting a heavy return on sales of its manufactured goods in these countries. "Our country lends at a relatively modest rate that will permit the beneficiary nations to create new economic activity. In the long run, the economic development of these countries will constitute opportunities for complementing Venezuela's economy," he added.

Observers expect to see Venezuela limit its ambitious foreign aid policy over the next few years, however, as the country uses its reduced petroleum revenues to build the domestic economy and solve the nation's myriad social problems. In another sector, the VIF head noted that his institution is "carefully" studying the possibility of establishing an investment bank in London.

### Convenience

The bank, which would be more of a financial convenience than a necessity, he said, would simultaneously allow placement of Government funds in foreign markets and would give the nation access to a broad range of financing for domestic projects. The Government is now aware that it will need outside financing for a number of its domestic projects (the State steel concern, for example, receives an important part of its growth capital from foreign banks), but studies are still being made as to the extent of borrowing and the mix of public and private capital.

With respect to medium and long-term investment abroad, local bankers see little chance that the VIF will commit its capital. The fund's director has admitted that foreign investment would play a secondary role in future activities. For the next few years, Sr. Quero said, the Government intends to maintain uncommitted VIF assets in a "highly liquid" state as a safeguard against unforeseen contractions in petroleum income. In this sense, the VIF is the country's financial "security blanket" as it passes through the critical period in which the Government assumes control of its petroleum industry. Sr. Quero stressed,

however, that he did not expect any sharp downturns in national petroleum income, and reiterated the Perez administration's desire to preserve good relations with the nation's most important traditional oil customers, especially the United States, which uses about 1.3m. barrels of Venezuelan crude oil and petroleum products daily. One banker in Caracas, commenting on the dim future for Venezuelan investment in foreign capital markets, said that the VIF had deflated high expectations at a number of international financial institutions. Almost every major bank in the world came to the VIF with a presentation outlining programmes for investing Venezuelan petrodollars. The response from the fund, though, has been extremely limited in view of its commitment to short-term investments.

Other financial observers have been critical of the fund, saying that it is "afraid to make commitments" and has adopted "a very shy attitude" toward foreign investment. While fund officials say that a cautious policy is due to the great responsibility it carries for investing huge sums of public funds under the watchful eyes of the Venezuelan Congress, the President and sharp political opposition, some bankers are not in agreement. "They don't take any risks," one international banker said. "And in this business, if you want to make money you have to take risks."

Other observers have said that, although the fund has a highly-qualified staff, it cannot make quick decisions, a quality seen as essential in international finance. One banker praised the fund, however, asserting that it deserved good marks for its work up to now, considering the change in management that occurred last year and the stupendous tasks involved in administering huge sums of money with little preparation and evaluating a spate of complex development schemes.

The fund suffered a serious setback soon after it was established when its first president, Venezuelan business leader Carlos Guillermo Rangel, resigned because of illness. The change in the fund's high level personnel that followed his departure did little to aid the consolidation of the fund's investment policy, observers say.

Sr. Quero maintains, however, that no significant upsets were produced by last year's change of command and reaffirms that the absence of long-term foreign investment is a "direct result of the Government's decision to keep most of the VIF's assets in a high state of liquidity."

Bankers here also noted that when the fund turns to outside financing for domestic programmes, it will be obliged to pay higher interest rates on its loans than the fund is now earning on its portfolio. To boost earnings, investments should be diversified and a mix including long-term commitments must be made. Apparently, the Government is not now willing to accept this proposition. Nevertheless, despite criticism and a reduced budget, the \$5.5bn. fund is moving ahead in its role as major financier of Venezuelan industrial development. In the coming year, the VIF's importance will be even greater as the Government begins managing its giant petroleum complex and makes final decisions on several of its most expensive projects.

Joseph A. Mann  
Caracas Correspondent



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## VENEZUELA IV

Through its President and his Foreign Minister  
Venezuela is becoming an increasing Third World  
voice in international affairs. Political initiatives are being  
backed up with loans for projects  
in underdeveloped countries.

## Foreign policy

IT IS not for nothing that the first British Prime Minister ever to visit Latin America during his period of office is to go to Venezuela early next year. As Venezuela's financial power has risen with the big increase in the world price of oil over the past two years, so has its importance on the international scene. In Latin America, particularly, its star-to-day shines as the more brightly as the larger countries of the region, notably Brazil and Argentina, move into a period of more marked political and economic unrest.

Venezuela is, too, a comfort to those who believe in a pluralistic society. While Venezuela could by no stretch of the imagination be called the world's perfect democracy, the Venezuelan political example could well be increasingly significant if, as seems very likely, the grip of totalitarianism becomes tighter on the countries of South America and the sad experience of relentless dictatorship a la Chile is copied in the region.

The foreign policy of Venezuela is in the hands of two men in particular. President Carlos Andres Perez has to a large extent been his own policy maker. He has used his position to emerge as one of the most powerful voices within the Third World, and he has backed his aspirations for Venezuela with the cash to make it credible.

Venezuela has not been mean with its money. Last year Venezuela committed \$2.4bn. or 8 per cent. of GNP to projects in the underdeveloped world, rivaling the generosity of some of the Middle Eastern states and putting the efforts of the countries of the industrialised world to shame.

To the UN Emergency Fund, for instance, went \$100m., to the IMF went \$540m., to the

World Bank \$500m., to the Andean Development Corporation \$60m., to the Caribbean Development Bank \$35m., to the Central American Bank for Economic Integration went \$40m. The Central American countries got \$500m. in a facility to help them over their difficulties with the increased oil prices, while another \$80m. went to them under a scheme to assist them to maintain coffee prices.

## Zealous

The distribution of such sums make President Perez's voice all the more listened to when he pronounces on foreign affairs. The President has been a zealous supporter of the concept of a new international economic order. He has spoken repeatedly about the need for the terms of trade to be tilted in favour of the less developed countries and has been a critic of the industrialised countries and of their multinational companies. The former, he said in a speech to the World Management Congress in Caracas last week, were guilty of "economic totalitarianism." The latter behaved irresponsibly towards the developing countries, looking to them merely as sources of cheap labour and inexpensive raw materials and as markets for their excess capital.

Within OPEC, in whose foundation a Venezuelan, Juan Pablo Perez Alfonzo, was an influential figure, Venezuela has acted the part of a loyal member whose weight has been thrown towards moderation and equidistance on the oil price question at least between the conservatism of the Saudi Arabians and the outspoken militancy of the Iranians.

This moderation within OPEC has not stopped the Venezuelan leader bearing extremely tren-

chant in his criticism of the U.S. and other declared opponents of the organisation, and his letter to President Gerald Ford on the U.S. Trade Bill and its clauses discriminating against OPEC members will go down as one of the classic statements of Third World policy to have been delivered during 1974.

Within Latin America President Perez has been, with President Luis Echeverria of Mexico, one of the principal proponents of SELA, the Latin American economic system. SELA is beginning to emerge as the council chamber in which the countries of the region will decide their stances on world economic issues, without the often anomalous presence of the U.S. as is usual in the so-called "inter-American" bodies.

President Perez's opposition to much of Washington's economic policy does not blind him, however, to the values of some U.S. political ideals. Those who dined with him in his official residence last Sunday heard him describing Abraham Lincoln, for instance, as the greatest human being after Jesus Christ and chiding the U.S. for not making more of the memory of Lincoln during next year's bi-centennial celebrations.

There is little doubt that Venezuela's outspokenness on many Third World issues owes much to President Perez's personal determination to make his own personal contribution to the world economic debate.

The running of the Foreign Ministry and the continuity of foreign policy is in the hands of Dr. Ramon Escobar Salom, who has left his mark on Venezuela's relations with other countries since he took over the reins after his predecessor Dr. Efraim Schacht failed to get the necessary support for the lifting of the sanctions on Cuba at last November's conference of the

Organisation of American States in Quito. Dr. Escobar has, for instance, been active in the execution of President Perez's desire to give the maximum political support to Panama in that country's efforts to win back effective control of the Panama Canal Zone. This has taken up much of Dr. Escobar's time, as the President has called the canal question the biggest political problem facing Latin America.

The trickiest problem that Dr. Escobar has to deal with is, however, at his own back door. For decades Venezuela and Colombia have been at odds over who controls the Gulf of Venezuela, the stretch of water outside Lake Maracaibo, Venezuela's major oil-producing area.

The Gulf question is important not just for its strategic importance to Venezuela but also because it could contain big new reserves of oil which Colombia very much needs. Over the past eight years since the beginning of serious bilateral negotiations, negotiators from the two sides have produced a bewildering array of straight, curved and zigzag lines to delimit the areas of sovereignty, but none has proved acceptable to both sides.

A recent meeting between President Perez and President Alfonso Lopez Michelsen brought a Colombian initiative, the idea of condominium. While viewed with enthusiasm in Bogota, the idea fell flat in Caracas. On both sides of the border the Gulf question is

viewed with keen interest by the armed forces of the two countries and neither President wants to lose touch with the feeling of his General Staff on the subject. Moves forwards resolving the problem will, it seems, have to wait at least until Venezuela has got over its most pressing domestic problem—ensuring that the oil nationalisation is smoothly under way.

On Venezuela's other border there is another territorial question awaiting final settlement, that of the country's claim to control of much of the western part of Guyana. Much of the steam has gone out of the issue since Guyana, Venezuela and Britain signed the Geneva Agreement of 1969. The Venezuela decision to welcome Mr. Forbes Burnham, the Guyanese premier, to Caracas earlier this year is a measure of how far an atmosphere of suspicion has been replaced by one of co-operation between Caracas and Georgetown.

To the north Venezuela has been strengthening its relations where it can with the countries of the Caribbean. The increasingly erratic Dr. Eric Williams, Prime Minister of Trinidad and Tobago, has had some hard things to say about "Venezuelan imperialism" after having taken umbrage at a bauxite deal between Venezuela and Jamaica in which he felt would go contrary to the tripartite Jamaica-Trinidad-Guyana aluminium

smelter plan. But Dr. Williams's outbursts appear to have done nothing to disturb Venezuela's relations with any of the other English-speaking countries of the area. With the encouragement of the Foreign and Commonwealth Office Venezuela has made some investments in the associated States of the Eastern Caribbean and various of the small island leaders, including Mr. Robert Bradshaw of St. Kitts, have been entertained in Caracas. Venezuelan influence in the area seems bound to increase, particularly if the Venezuelans fulfil their plans to build up a merchant fleet and expand their navy by equal steps and if they make more contributions to the Caribbean Development Bank.

## Generous

Within the Western Hemisphere Venezuela's image is that of a country vigorously pursuing enlightened and even generous policies, though this enviable image has been momentarily tarnished by reports from Chile that some officials in the Venezuelan mission in Santiago have been co-operating with DINA, the Chilean secret police. In the next few years it would be legitimate to forecast a strengthening of relations between Venezuela and Western Europe. Venezuela's imperative need for new technologies and for the training of its workforce combined with the need to

The decision of Mr. Christopher Soames, the European Community's Commissioner for External Affairs, was a demonstration only a few weeks ago of the slowly awakening interest of the EEC in Latin America and Venezuela. The scheduled visits to Caracas of Mr. James Callaghan and Mr. Harold Wilson early next year could be the signal that Britain itself is realising that the revitalisation of the Anglo-Venezuelan relationship which successive British Governments have ignored and which the Foreign and Commonwealth Office has for years neglected is a matter of urgency at last.

H. OS

The domestic banking scene is characterised by great caution. Interest rates are low, loans are kept short-term and the Central Bank exercises strict monetary control over the sector.

## Banking

FOR A population given to extravagant spending on consumer goods, Venezuelans are remarkably cautious managers of their financial affairs. First of all, there is virtually no stock exchange on which to speculate. Secondly, commercial banks offer only average interest rates and make a practice of lending short as often as possible.

But that is not to suggest that commercial banking is not a highly profitable business in Venezuela. Total deposits grew from \$2.212bn. at the end of 1970 to \$6.525bn. in September

this year, while loans rose from \$1.99bn. to \$5.435bn. over the same period. It is hardly surprising that a recent survey showed that, as of December 1973, ten of the 20 largest banks in Latin America were Venezuelan. The profit situation of the main banks here is enviably solid.

The growth of banking here during the past few years has even led to speculation that Caracas could become a financial centre, displacing Panama City on the grounds that there is both more internal growth and more liquidity. Yet stiff restrictions on its operations—it cannot open new

branches, it cannot take savings and it cannot buy foreign exchange from the Central Bank—in return for retaining 100 per cent. control over its subsidiary. Other foreign banks have opted for holding a maximum 20 per cent. capital in locally owned banks—Lloyds Bank International in Banco La Guaira Internacional, Chase Manhattan in Banco Mercantil y Agrícola, Credit Lyonnais in Banco Provincial de Venezuela, the Royal Bank of Canada in Banco Royal Venezolano, the Sudameris Group in Banco

Latino and Spain's Fiar Group in Banco Exterior. The representative offices of foreign banks can of course lend to Venezuela's public and private sector and can aspire to manage some of the country's oil revenue on world Euro-markets. But they are unquestionably at a disadvantage compared to domestic banks.

The main reason that foreign banks can also do so, however, is that they are generally more imaginative than that is, they are willing to

CONTINUED ON NEXT PAGE



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## VENEZUELA V

Over the past two years the Government has begun to apply stiff controls on foreign investment in line with the rules of the Andean Common Market. Now, despite assurances to the contrary, investors feel there is a broad attitude within the Government that they are not needed.

# Foreign investment

FREQUENT ASSURANCES by the Pérez administration that Venezuela wants and needs foreign investment have so far failed to convince established and potential investors that they are still welcome. Over the past two years, the government has not only nationalised the oil and iron ore industries, but has also begun to apply stiff controls on foreign investment in line with the rules of the Andean Common Market. In addition, top officials, including President Pérez himself, have taken to blaming the "multinationals" for most of the ills of Venezuela and the rest of the Third World.

Part of the shock for foreign investors, of course, stems from the contrast with the period before January 1974 when there were no controls on the entry of foreign capital or on the technology and no limits on profits or royalty payments. For foreign entrepreneurs, this year-anarchy was highly convenient, but it had a distorting effect on the development process for Venezuela. Foreign companies preferred to invest in commerce and the manufacturing sector rather than in heavy industry. They also frequently sought but viable Venezuelan businesses, made large profits which were subject only occasionally to price controls and they imposed stiff conditions on the sale of technology or patents.

The Government's decision to apply the foreign investment regulations of the Andean Common Market—known as Decision 24—thus reflected an awareness of the need to temper some of these abuses.

But perhaps more than these specific controls, foreign investors have been disturbed by what they feel is a broad attitude within the Government that Venezuela does not in fact need foreign investment. This attitude—if indeed it does exist—is seen to be the result of the

country's sudden new wealth and the nationalist rhetoric that inevitably surrounded the takeover of the oil and iron ore industries. "Many officials of course recognise that foreign investment is vital for bringing advanced technology and skilled manpower to the country," one investor said, "but not a few officials exude a sort of *noveau riche* arrogance that hardly entices foreign investors."

### Frustration

Much of the anger and frustration of new and existing investors is directed at the Superintendency of Foreign Investment (SIEI), which was formed in July 1974 to monitor, register and approve foreign investment but which in practice has become an often-insurmountable bureaucratic obstacle to new investors. Until this month, the SIEI was crowded into tiny offices where piles of investment applications and technology contracts would sit for weeks awaiting the attention of the hard-pressed, inexperienced team of young lawyers. The SIEI is now moving into modern new offices, although there is no assurance that it will become more agile. After its first year in operation, for example, out of a total of 114 new investment applications, just 17 had been processed—14 had been approved and three rejected. And more recent figures on its activity were unavailable. The reasonable presumption, however, is that the rate of new investment has fallen sharply in 1974 and 1975.

The new rules for investment being applied under Decision 24 can be summarised as follows: basic industries, such as oil and iron ore, must remain in national hands; "sensitive" industries, including domestic transport, electricity, television and radio stations, advertising, Chile's attempt last year to sus-

pend the rules unilaterally was successfully opposed by the other members (the argument being sustained that the absence of new foreign investment in Chile was due more to political reasons than to Decision 24); but there is still some feeling that, for example, the maximum rate of profit remittance could be raised from 14 per cent. President Pérez himself commented this month that Decision 24 was "inadequate" and could become "dangerous" to the Andean Pact if it were not extended to cover all Latin American countries. In other words, the absence of Decision 24 in many Latin American countries is itself an incentive to invest.

The feelings of many foreign investors on the "demands" from Venezuela and other countries for the transfer of technology were 10 per cent. by the Central well expressed recently by Mr. Bank and, in their desire to Charles Smith, President of the remain liquid, the banks rarely U.S. Chamber of Commerce and lend beyond 90 days. Even the industry. Technology "is a two law reforms allowing the form of knowledge that most ratio of capital and reserves to successful companies have deposits to be raised, first from 1:8 to 1:10 and, later, to 1:20 years, requiring hard work and have not brought about a very large investments of both significant change in banks' time and money," he told a group of SIEI officials. And the group of SIEI officials, measure allowing commercial realises that this body of years—another feature of the knowledge truly represents its Banking Law Reform of May 1974—has only led to a few reasons for not sharing this vital technology with others loans of up to two years.

The tradition is that longer credits are handled either by the 18 mortgage companies—which concentrate on construction and urban development with loans of between five and 15 years—or the 29 financing companies (or *sociedades financieras*)—which lend to small and medium-size industry for between five and 15 years. These operations have grown so rapidly—the *financieras* are only three years old—that the number of mortgages granted during the past year have increased by 30.4 per cent, while loans by *financieras* have jumped by 48 per cent.

Financing for major industrial projects, however, is usually arranged through foreign banks, although during the past year the Venezuelan Investment Fund (VIF) has increasingly used the country's oil revenue to pay for major capital purchases abroad. But the fundamental change in domestic finances wrought by the increased price of oil may also bring about a change in the local banking practices. For example, the Banco Mercantil y Agrícola is in the process of opening up offices in New York, London and Frankfurt, the Banco Union and the Banco de Venezuela are open in Panama and will soon both be active in New York, while the FIV itself is opening a branch in London with \$50m. capital.

prevent the country from turning to international money markets next year—Venezuela is evidently less dependent on the capital than the technology, and access to markets offered, by foreign investors. Its need for the most advanced technology in its array of ambitious industrial and infrastructural projects may therefore force a

## Banking

CONTINUED FROM PREVIOUS PAGE

### VENEZUELA'S TEN LARGEST COMMERCIAL BANKS

	Total Deposits	Loans (Sept. 1975)
Banco de Venezuela	\$836.6m.	\$564.9m.
Banco Unión	\$738.1m.	\$516.1m.
Banco Nacional de Descuento	\$643.4m.	\$584.2m.
Banco Mercantil y Agrícola	\$541.1m.	\$485.6m.
Banco Industrial de Venezuela	\$410.9m.	\$506.9m.
Banco Latino	\$363.2m.	\$286.7m.
Banco de Maracaybo	\$286.9m.	\$262.4m.
Banco del Caribe	\$273.3m.	\$189.5m.
Banco Provincial de Venezuela	\$263.6m.	\$210.6m.
Banco Italo-Venezolano	\$244.8m.	\$167.3m.

Source: Asociación Bancaria de Venezuela.

that \$46.5m. out of total loans of \$516.10m. were to the rural sector—equivalent to 9 per cent. As Venezuela's industrial sector begins to grow in response to the massive investments in heavy industry—described elsewhere in this survey—the banking sector will also be forced to adjust to more development-oriented lending than at present.

The conservative nature of domestic banking is perhaps one simplistic reason for the spendthrift nature of most Venezuelans—and presumably a surfeit of money is another—but in practice the growth rate of domestic savings has been remarkable considering the relatively low interest rates paid here.

The options for an average Venezuelan seeking to invest his savings are nevertheless limited. An ordinary savings account pays just 4 per cent., while fixed-term deposits of up to one year pay a maximum of 6 per cent, depending on the quantity involved. Mortgage and *financiera* bonds, however, pay an attractive 8 per cent. tax-free, although this is still less than obtainable in, say, Mexico or Panama. Despite the absence of exchange controls, however, few Venezuelans make a practice of moving their money in and out of the country in response to changes in interest rates.

### Trouble

Because of the lack of an active capital market, however, established and new investors are having trouble finding the local component for their capital extremes. The government is aware of the administrative and technological problems it already faces in running an abruptly enlarged public sector and is therefore reluctant to step in and supply capital sought by new foreign investors. On the other hand, the process of "Venezuelanisation" tends to increase the concentration of wealth since foreign investors usually have little choice but to seek their partners from among the established economic groups, such as the Mendoza, Cisneros and Tinoco family empires.

In many ways, of course, foreign investors are merely suffering the normal effects of what have been a dramatic two years in the history of Venezuela: the unexpected flood of petrodollars, the entry into the Andean Common Market and the arrival of a reformist Third World-oriented administration. From all points of view, then, more time is still needed for the dust to settle. But the basic pragmatism of the Venezuelan government was illustrated by its controversial decision to allow for the possibility of future foreign participation in the oil industry in the very law that nationalised the foreign oil companies. And as the government adjusts to the demands of its new industrial challenge, it is reasonable to expect it to work out a *modus vivendi* with foreign investors.

Alan Riding



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## VENEZUELA VI

AS THE flood of money deluges into Venezuela and spending by the Government and the private sector spirals upwards, there has been one voice that has constantly been predicting disaster for Venezuelan society if some discipline is not imposed. DR. JUAN PABLO PEREZ ALFONZO, now in his late sixties, has been an amalgam of Isaiah, Jeremiah and John the Baptist, preaching to the people the need to turn away from the adulation of gold.

It is an irony that it was Perez Alfonzo himself who did the most to bring about the enormous riches that Venezuela to-day enjoys. In the late 1950s and early

1960s he served successively as Minister of Development and Minister of Mines and Hydrocarbons. It was under his inspiration, more than that of anyone else, that the Organisation of Petroleum Exporting Countries was founded and he helped to keep it in being when its opponents were doing their best to kill it with ridicule.

Retired now from government, Perez Alfonzo spends his time in his house in Los Chorrillos, a leafy suburb overlooking the valley of Caracas, where he receives a constant stream of visitors and where he holds an occasional eagerly attended conference or seminar during which he

damns the waste and profligacy spreading out from the city below him.

Now a convert to the cause of conservation and self-sufficiency, he readily acknowledges that some of his policies of a decade ago were mistaken. He bends all his efforts to convincing Venezuelans that they must change their way of life if their society is to be saved. He is the single most influential man in Venezuela to-day, and if one man can be said to represent the country's conscience, it is he.

The following are the highlights of a recent conversation with him.

H.O'S.



Dr. Perez Alfonzo explaining the world to foreign journalists.

# '... we are facing disaster'

"CHASING AFTER hopes sorts of absurdities and upsets. which are impossible of fulfilment. The lesson to be learned from Venezuela, with its new year's experience and this year's and next year's is that ramshackle spending programme which is totally out of harmony with the real resources of the nation and which is neither acceptable nor viable for the country or its people. In the past I have talked about an emergency. Now I think it would be more apt to say we are facing disaster. Disaster was the word used recently by the chairman of the Venezuelan Medical Federation in reference to the state of the medical and social services in this country. But it could equally be applied to all the activities of the public sector and the private sector.

"Nobody seems to care a jot and the whole of society is drifting. The state of society in Venezuela can be judged from the fact that the mental hospitals of Caracas report an ever-increasing incidence of anxiety and nervous depression and exhaustion. "Public spending by the Government, a decisive factor in Venezuelan life, went from 9,654bn. bolivars in 1969 to 14,57bn. bolivars in 1973, discounting debt service payments. That is to say spending went up on average by 12.75 per cent. every year. But this already rapid growth in public spending broke all bounds last year when it rose to 40bn. bolivars. Even deducting the payments made to the Venezuelan Investment Fund, some of which are to be used for investment within Venezuela, public spending just about doubled in 1974. Such an incredible state of affairs could not but bring about all

Venezuelans themselves.

"There has been no noticeable improvement in society because our capacity for work does not double just because we spend twice as much. On the contrary the spending of foreign currency has just accentuated the general demoralisation of Venezuela. When money falls from the skies everyone wants more and cuts down on his efforts to improve what he has got. Meanwhile, the supposed benefits are limited to very few."

## Smuggling

"Without taking into account the big rise in smuggling, the level of our imports is ruinous. Before the first rise in oil prices in 1971 imports were already going up faster than the population was increasing, though the average increase in imports was no more than 10 per cent. itself a very damaging figure.

"After the price rise imports went up by an average of 14 per cent. Now this already high figure of more than 32.6bn. in more core of our oil reserves. The fall in our reserves became 94bn. and the Central Bank's estimates for 1975 are of the order of 85.5bn. Anything goes! The UN Economic Commission reserves. In that year our for Latin America points out accumulated production from

that in 1974 the coefficient of 1917 reached a total of 13.9bn. imports to head of population in barrels. To-day in 1975 our Venezuela was 38.1, three times more than Peru, our nearest rival, with 14.6. Then came later output in the 59 years Brazil with 12.6, Mexico with 11.0 and Colombia with 7.5. What will the position be after we have bought all we are buying abroad this year?

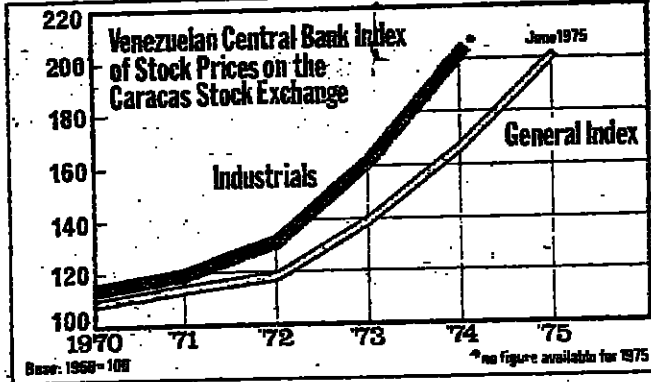
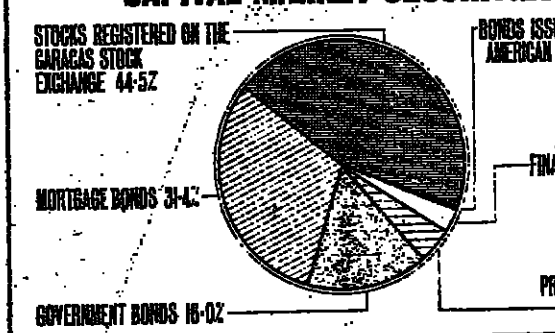
"Earlier this year I had the chance to visit China as a guest of the People's Institute of China. I will just mention one unforgettable experience I had during my visit, when I went to the village of Tachai. Tachai is a production unit in the mountainous province of Shansi in the north of the country, whose fame has come from the fact that it has applied to the full the principle of 'counting on its own efforts and making persistent efforts' to bring about its own progress. From 1964 Chairman Mao has presented Tachai as an example, and he gave currency to the saying 'We have to learn from Tachai'. Venezuelans could well learn from Tachai.

"We have, for instance, to take care of our oil reserves. The fall in our reserves became 94bn. and the Central Bank's estimates for 1975 are of the order of 85.5bn. Anything goes! The UN Economic Commission reserves. In that year our for Latin America points out accumulated production from

The public capital market in Venezuela has a long way to go. In a country with a population of over 12.5m. and a GNP of \$13.8bn. last year, there are less than 100 public companies.

## Capital market

### CAPITAL MARKET SECURITIES



Congress to approve a new tax code next year. Tax legislation was introduced this year but was held over while Congress debated a Bill which nationalised the country's foreign oil companies.

Senator Barrios said that a more equitable tax system, which will affect the high income groups that traditionally escape taxation, is a fundamental goal of the Perez Administration. President Perez and his chief advisors have frequently stressed the Government's intention to "redistribute" national wealth through a better incomes policy and a functional tax system. The Senator, who was Accion Democratica's unsuccessful presidential candidate in 1968, pointed out that instituting a broad personal and corporate income-tax plan would be difficult. "Venezuelans aren't accustomed to paying taxes and it will take some time to educate them."

In spite of the Government's professed intention to reform the tax system, feeling in the private sector runs high against any such reform. At this year's meeting of Fedecamaras, the country's most powerful association of businessmen and industrialists, one agitator predicted "the downfall of free enterprise in Venezuela" if corporate taxes were raised. Other business representatives expressed their distaste for taxes in less apocalyptic terms.

## Crucial

The fate of the tax legislation, though, will be crucial for the development of the public securities market in Venezuela. Up to now, the Government has relied on tax relief to lure family-owned companies out of their exclusive preserves. But the process of transforming these companies into ones with clear-cut responsibilities to their stockholders cannot be accelerated unless the big private investors see an advantage in going public.

Many of the large privately-held firms view the new Government securities regulations as an invasion of entrepreneurial privacy and a usurping of managerial prerogative. In any event, a transformation of the nation's capital structure will not come about quickly or voluntarily. In the next few years, though, a public capital market should become more attractive as scores of foreign companies search for domestic investors and as the general expansion of the economy creates the need for new growth capital among Venezuelan companies.

J. A. M.

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OF THE MORE than 6,000 companies which were registered in 1974, only 3 per cent. had more than 50 stockholders. The Caracas stock exchange, the nation's only public securities market, is still in its infancy and does not play a major role in financing the private sector. The pillar of Venezuelan private enterprise is the family-owned business and this type of concern dominates almost all areas, ranging from pizza parlours to heavy industry.

The average Venezuelan who wants to make an investment does not consider the stock exchange to be a meaningful option, even though it has yielded steadily rising prices over the past five years. As one broker has remarked: "People with some money to invest will buy mortgage bonds (8 per cent. tax free) or place a down payment on a piece of real estate. Public knowledge about the exchange is scanty and anyway the market has very little to offer the small investor."

In spite of the gloomy picture, however, there is a real possibility that the local capital market will assume a more active role, in coming years. With the support of a number of businessmen, the Government's National Securities Commission (NSC) is attempting to alter Venezuela's private financial structure by convincing closely-held companies that it would be to their advantage to go public.

## Exemptions

Under the country's new Capital Market Law companies and their shareholders may obtain tax exemptions as high as 50 per cent. (per company) or 100 per cent. (per shareholder) if they convert to open companies or buy an interest in such companies. The capital market legislation creates a special category of firms, called *saicos*, which are obliged to meet a number of requirements relating to minimum capital investment, issue of nominative stock, stockholder representation on the Board of directors, a stable dividends policy and registration with the Securities Commission.

Most important, though, are the rules stipulating the number of investors who must participate in the formation of a *saico*. In setting up a company (those with less than 51 per cent. of capital owned by Venezuelans) will be obliged to become either mixed concerns (Venezuelans owning 51-80 per cent. of stock) or national companies (over 80 per cent. of capital in the hands of Venezuelans) within a stated period of time. Other companies smallest *saico* that may be formed. Companies with greater or smaller capital bases than the example given would naturally produce different

figures for the minimum stockholder requirement and the individual investment limit.

The aim of the measure is clearly to increase the number of individual participants, according to a standard procedure and to force the new concerns to meet minimal regulations set by the National Securities Commission. The Government now exerts little control over internal activities of private companies.

Existing companies that do not want to offer all their stock to the public will be allowed to split ownership between public and private stock sales, but the portion of the company which goes public must meet all *saico* requirements. In addition, the new companies may immediately take advantage of the law.

Although no *saicos* have yet been constituted, the chairman of the National Securities Commission, Sr. Barullo Jattar Dotti, said that a number of inquiries about becoming open enterprises.

Sr. Jattar Dotti also asserted that Venezuela must act to alter its system of financing for the private sector "if we are to keep pace with the world industrial community." He added that the new income tax law which Congress will study next year might move some Venezuelan companies to take advantage of the tax relief offered under *saicos*.

The new possibilities for public financing offered by *saicos* may prove to be more attractive as a large number of foreign-owned companies in Venezuela endeavour to meet domestic ownership requirements imposed by Decision 24 of the Andean Pact. Under Decision 24, certain foreign companies (those with less than 51 per cent. of capital owned by Venezuelans) will be obliged to become either mixed concerns (Venezuelans owning 51-80 per cent. of stock) or national companies (over 80 per cent. of capital in the hands of Venezuelans) within a stated period of time. Other companies smallest *saico* that may be formed. Companies with greater or smaller capital bases than the example given would naturally produce different

Venezuelan government financing plans and to participate in Andean Pact trade.

Not so long ago, the first U.S. company that took steps to become a mixed-capital company placed about \$3m. in common stock on the local capital market in less than four days.

## Divided

Observers were divided as to the significance of this successful offering, however. Supporters of the stock exchange maintained that the sale provided evidence that the market can work effectively in broadening the ownership base of both domestic and foreign concerns. Others, though, say that the foreign companies will be hard pressed to find enough interested buyers in time to meet the ownership transformation deadline, and that the basic pattern of stock purchasing in Venezuela has not yet been modified to any significant degree.

The bulk of investors who buy any new stock over the next few years will be from the same small group that already owns most of the country," an analyst said. "It'll be very hard to find new blood. When the companies begin to open up, whether they be foreign or national—they will be obliged to turn to the wealthy investors."

In striving to create a viable capital market, Venezuela must simultaneously develop two complementary areas: it has to open the market to a broader scope of Venezuelan society and make it accessible to middle and working class investors. But just as important is the need to educate the public about the nature of stocks and bonds, and convince them that the exchange will be a desirable alternative to the popular mortgage bonds, savings accounts that pay 7 per cent. per annum—and to the week-end horse races.

Many extremely successful Venezuelan businessmen are not aware of the advantages an open capital market would bring to their own concerns or the economy in general. They prefer to raise additional capital by borrowing from commercial

banks or issuing stock privately.

Furthermore, the concept of purchasing stock as insurance against inflation is not widely accepted yet and public interest in the few available stocks is marginal. Real estate speculation is enjoying a heyday and almost invariably offers investors a substantial return.

Another problem which will confront the incipient capital market is that its best potential customers—businessmen, and professionals over 40 with extra income to invest—comprise a very small segment of Venezuela's young population. In a country where the tendency is to buy rather than lease, most wage-earners under 40 will spend years paying off mortgages on homes and apartments before they are able to accumulate investment capital.

Statistics provided by the National Securities Commission show that for the first six months of 1975, trading on the Caracas Stock Exchange totalled \$110m, down almost 20 per cent. from the corresponding period last year. However, the Commission also reported that securities prices, in general, rose by 17.6 per cent. during the first half of the year. Trading on the Exchange last year reached \$214m, which represented but a small part of the country's public and private securities activity. At the close of the year, the composite price index for securities registered a 16.8 per cent. increase. For the first ten months of 1975, trading on the open market has topped \$200m.

Mortgage bonds, with an 8 per cent. annual tax-free yield are popular among small investors. These certificates are purchased directly from banks, but are also traded on the exchanges.

Last year \$523m. in bonds from the Government and the private sectors were issued, an increase of 5.9 per cent. over 1973. This year and next the Government alone is expected to issue over \$980m. in bonds, with most of these to be absorbed by the commercial banks. Mortgage bonds in 1974 accounted for well over half of all bond issues, while the Government's share was about 25 per cent.

The Venezuelan Central Bank

acts as the principal agent for placing Government bonds and sells very few issues through the Caracas exchange. Since commercial banks are obliged to maintain a certain percentage of their portfolios in Government bonds, placements of these issues—yielding between 5 per cent. and 7.5 per cent.—are effected by making a few telephone calls to bank officials.

One economic analyst said that the Central Bank subsidises the stock exchange by allowing brokers to place an occasional Government issue, thus earning a sizeable commission for no more than a few hours' work. Many of the country's brokers—who number less than 70—do little more than wait for a "windfall" Government bond issue, the analyst said. Since Venezuela's Public Credit Law now requires that State bonds be sold at par, the securities are simply placed with commercial banks and no bids are accepted. If these bonds were sold at public auctions, the Government would be able to earn more than par value on most of its issues and brokers could count on regular commissions.

In the stock sector, a similar situation exists since most of the issues that are offered through the exchange are in reality sold before the public offering date. Although this is prohibited by the Venezuelan securities code, it is a fact of life.

One Venezuelan broker predicted that the Caracas Exchange would not become an active trading centre unless new income-tax laws squeezed privately held companies into opting for tax benefits under the *saico* provisions of the Capital Market Law. "Except for the biggest concerns—like the oil companies—taxes are a joke," he said. "Most companies can escape income-taxes now by dividing themselves up into small corporate units, each of which pays little or no Federal taxes."

Senator Gonzalo Barrios, President of the ruling Government party, Accion Democratica, and one of the country's most respected political leaders, said that he expected the Venezuelan



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## VENEZUELA VIII

Venezuela's oil pumps have begun to slow down, partly because of the glut on the international market and partly to conserve the country's dwindling (but still enormous) reserves. The Government is about to take full control of the industry.

## Oil production

THE BLACK pumps nod incessantly in almost every corner of Venezuela, resembling in the dusk a flock of strange metal birds pecking at the earth in search of food. The machines have been drawing crude oil from Venezuela's great subterranean reservoirs for over a half century and have brought to the surface much of the 31bn. barrels of precious black liquid that has—for better or worse—shaped the nation into one of the world's most important petroleum producers.

But the pumps have slackened their pace in recent years and Venezuela's 12,200 wells are now turning out less crude oil than they have since 1956. The days of ambitious new production targets that seemed without limits have come to an end.

Venezuela's oil industry is by no means weak, however. It still possesses the greatest petroleum reserves and production and refining capacity in all of Latin America. Crude oil production, now just above 2.3m. barrels per day, ranks the country as one of the top five producers in the world. But production has dropped by 19.1 per cent. from last year and falls far below the all-time high of 3.7m. barrels per day achieved in 1970. In addition, the Government plans to trim output by another 100,000 barrels per day by the end of the year.

The Perez Administration, which decides how much crude oil the industry will produce, has asserted that declining production was a voluntary action taken to conserve the country's proven reserves, estimated last year at 18.6bn. barrels, and to cut down on the loss of large quantities of natural gas that escapes as crude is brought to the surface. (Non-government sources estimate Venezuelan reserves to be about 13bn. barrels).

A much more important factor in determining the Government's production policy, however, is the glut of fuel oil on the international market. In recent months, Venezuelan refined oil—the country's most important product—has been undercut by lower priced oil coming from Africa and the Middle East, and demand fell sharply. As a consequence, fuel oil inventories are swollen, refineries have cut back and pressures are building either to trim production or to reduce production still further. Mines Minister Valentín Hernández, who is responsible for supervising all aspects of the petroleum industry, said last week that prices of Venezuelan refined products had been rolled back by 5.17 per cent. despite the 10 per cent. increase in posted prices for crude oil made as a result of this autumn's OPEC decision. It will take time, however, to see if Venezuela's market position improves, particularly since the demand for fuel oil is not expected to pick up until after January 1.

## Technology

Coincidentally, the Venezuelan Government will officially assume control of the private oil industry on that date, although it must continue to rely on the international oil companies to buy and market domestic petroleum products and supply infusions of technology.

Soon after President Perez began his five-year term in March, 1974, his Administration ordered the first of several reductions that have brought crude oil output to its lowest point in the last 18 years. The petroleum industry, nonetheless, continues to earn more money for the Government than can be efficiently spent. Income from oil exports this year has been estimated at around \$7.59bn., and the State expects its nationalised industry to bring in about \$5.72bn. in 1976. The Venezuelan Mines Min-

ister said last week that the country has a 3.5m. barrels per day production capacity, but reiterated that the Government did not want to produce at this pace except in an emergency, since high loss rates for natural gas were unacceptable. A valuable raw material for the country's still incipient petrochemical industry, natural gas is now being recovered at a rate of 98 per cent. in order to maintain this rate and to so consume crude oil reserves at what the Government considers a prudent pace, oil production should be kept between 2m. and 2.5m. barrels a day, according to State planners.

Under the previous Government, headed by former President Rafael Caldera, Venezuelan economic planners found it necessary to maintain production above 3m. barrels per day because of prices that remained low until 1973. After OPEC quadrupled international oil prices, though, the new Government under President Perez decided that conservation was the more judicious policy.

After some production cuts had already been made because of the Government's conservation goals, however, the country began to feel intensifying pressures from reduced oil exports and was obliged to revise its estimates on petroleum income for 1975-76 while engaging in some fiscal juggling exercises.

Without effectively cutting Government spending to any significant degree, the Perez Administration compensated for declining income by reducing payments to its petrodollar savings bank, the Venezuelan Investment Fund, by nearly \$1bn. The money that was to have been deposited with the fund, an institution founded in order to finance expensive State development projects, was spread among several other Government departments which had

followed the annual tradition of spending far beyond their budget allowances.

In a recent interview, Sr. Rafael Tudela, a Venezuelan oil trader who holds a seat in the national Legislature, said that recent reductions in oil production were not due to conservation measures but rather to the squeeze caused by a tight international market. Sr. Tudela, who was elected on the slate of the Social Christian Copei Party that sits in opposition to the President's Acción Democrática Party, added that since OPEC raised oil prices in 1974, the international market had registered a surplus of about 2m. barrels per day. And des-

pite production cuts by some OPEC members such as Venezuela, he said, there was a tendency for the situation to get worse.

Sr. Tudela pointed out that the country's flexibility is limited in international sales, since domestic refineries chiefly turn out high- and low-sulphur content fuel oil for the U.S. East Coast. Although local refineries produce a number of products, the most important is residual fuel oil used for heating or generating electricity, or for further processing into more valuable distilled compounds.

He also predicted that the Government's 1976 budget of \$7.72bn., based on a projected daily production average of 2.2m. barrels, does not reflect "market realities."

In response to Sr. Tudela's observations, however, Finance Minister Hector Hurtado asserted that the country's crude oil production could drop as low as 2m. barrels per day—or 15 per cent. below present output—without upsetting the administration's budget. He added that as a "prudent" tactic, the Government has not yet included the extra earnings from last month's 10 per cent. crude oil price increase in its income projections for 1976.

The Government receives about 83 per cent. of its total income from petroleum taxes and royalties and expects to earn about \$5.72bn. next year. Any significant drop in income would, of course, pose serious problems for Government programmes, now fuelled by some of the biggest expenditure in Venezuelan history.

Moreover, since private oil companies are to be eliminated on January 1, the nationalised petroleum industry will depend entirely on capital infusions from the Treasury and from its own sales. Thus, if the State-owned industry finds itself in a position of dwindling export earnings for an extended period, it would necessarily have to

turn to the central Government bonds or private financing for working capital. While the international oil companies could weather a long period of sluggish sales, the Government would obviously find the situation quite uncomfortable.

With this contingency in mind, however, the Perez Administration has accumulated over \$5bn. in highly-liquid assets in the Venezuelan Investment Fund.

The Government has indicated that one of its goals after nationalisation will be an expansion in the number of petroleum products refined. But observers note that the fuel oil market in the U.S.—despite current stagnation—should remain important for Venezuela for many years to come. Oil production in the U.S. has shown a decline recently, yet refineries there are boosting fuel oil production slightly. This increase, however, will not have a major impact on the American market, an analyst said, and the East Coast will continue to need Venezuelan residuals.

Any changes in refining techniques would come slowly, a Government official said, and would be directed at meeting domestic gasoline demand, which has been growing at about 7 per cent. per year. In any event, the prospects of flooding

the U.S. market with Middle Eastern petroleum is not very likely in the long run since both Canada and the U.S. pay considerably less for shipping costs from Venezuelan ports.

But despite problems in marketing Venezuelan petroleum, the Perez Administration has given no indication that oil production might be reduced below its projected average of 2.2m. barrels per day for 1976. In fact, the Government's Five Year Plan bases its income on the 2.2m.-barrel figure.

Nevertheless, if the tight market situation continues there are two main alternatives for the Government: (1) to cut back on production and wait for a recovery in demand or (2) to share the prices of some petroleum products, a move which could have serious repercussions in OPEC.

Commenting on the future last week, Mines Minister Hernández said: "We are in a completely flexible position: to what we produce, with refining capacity at 70 per cent. of our production and with exports presently made up of 63 per cent. crude oil. What we do in the future will depend on the nature of our market, the degree of refining that is added in the U.S. and OPEC decisions."

J. A. M.

The Orinoco Heavy Oil Belt may be the world's largest single petroleum deposit. Its viscous nature calls for advanced techniques of extraction, and huge investment will be needed.

## Orinoco reserves

ignored heavy petroleum began to shed its ugly duckling image in the eyes of the international oil companies.

Present estimates of the extent of the Orinoco Belt suggest it is about 375 miles in length with a width varying from 30 to 40 miles, an area considerably larger than Belgium. The belt, which is actually a sequence of individual petroleum deposits, runs along the north bank of the Orinoco River, stretching from the central plains of Venezuela eastwards to the Atlantic Ocean. The northern boundary has been arbitrarily set near active petroleum fields in Anzoátegui State, the country's second most productive area.

On the south lies the 600 million-year-old geological formation called the Guayan Shield, and the Orinoco. Production from the belt stands at around 150,000 barrels per day as a result of experimental drilling activities by the Government-owned Venezuela Petroleum Corporation (CVI) and a few private oil companies. In terms of true, usable petroleum reserves, though, the belt does not count. Conventional proven reserves refer to natural underground oil reservoirs that can be extracted at a profit. But extraction and profitability still pose complex problems in Anzoátegui State, the country's second most productive area, proven petroleum reserves at

the Orinoco Heavy Oil Belt, a minimum of some 700bn. barrels of petroleum. The estimates which produced this figure, however, were based on a 1967 study which assessed only a third of the roughly 13,000 square mile strip that runs from east to west above the Orinoco, Venezuela's most important river. Other soundings in the region indicate that the heavy oil reserves may reach as high as 3,000bn. barrels, but no truly accurate figure can be given until definite parameters of the belt are mapped out by geological teams.

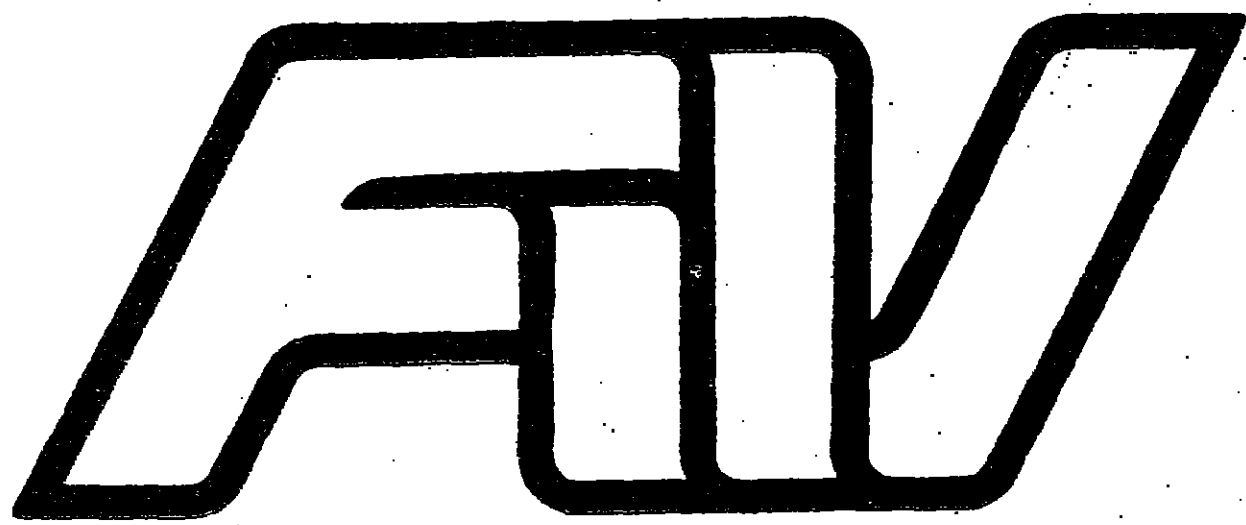
The petroleum found in the belt, though, is not the kind that can simply be pumped from the earth to feed Venezuelan refineries. It is an extremely viscous crude oil, laden with metallic elements and sulphur, and new ways of extracting and refining the belt's reserves must

be developed before it can become commercially desirable. Early discoveries in the belt region, which cuts through three of the country's east-central States and the damp jungles of the Delta Amacuro Territory, were rejected because other, less complicated brands of crude oil were readily available and because the international market price of crude would not justify the costs of processing an uncommonly heavy type of petroleum.

Although some light crudes do exist in certain parts of the belt, much of the reserves consist of viscous petroleum that has the consistency of heavy axle grease. And some of the deposits even comprise solid hydrocarbon compounds. With the quadrupling of crude oil prices since 1973, however, the long-

CONTINUED ON NEXT PAGE

## VENEZUELAN INVESTMENT FUND



We Venezuelans are aware that although we have the right to expect international justice, we must also contribute to it. We are conscious as well that our oil wealth implies the obligation to help the nations of the Third World, because we acknowledge that the economic burden of these countries is partly due to their petroleum imports.

Placements made by the Venezuelan Investment Fund, FIV, have been channelled up to now through international financial associations, such as the World Bank and the Inter-American Development Bank, and by making deposits in the Central Banks of various countries.

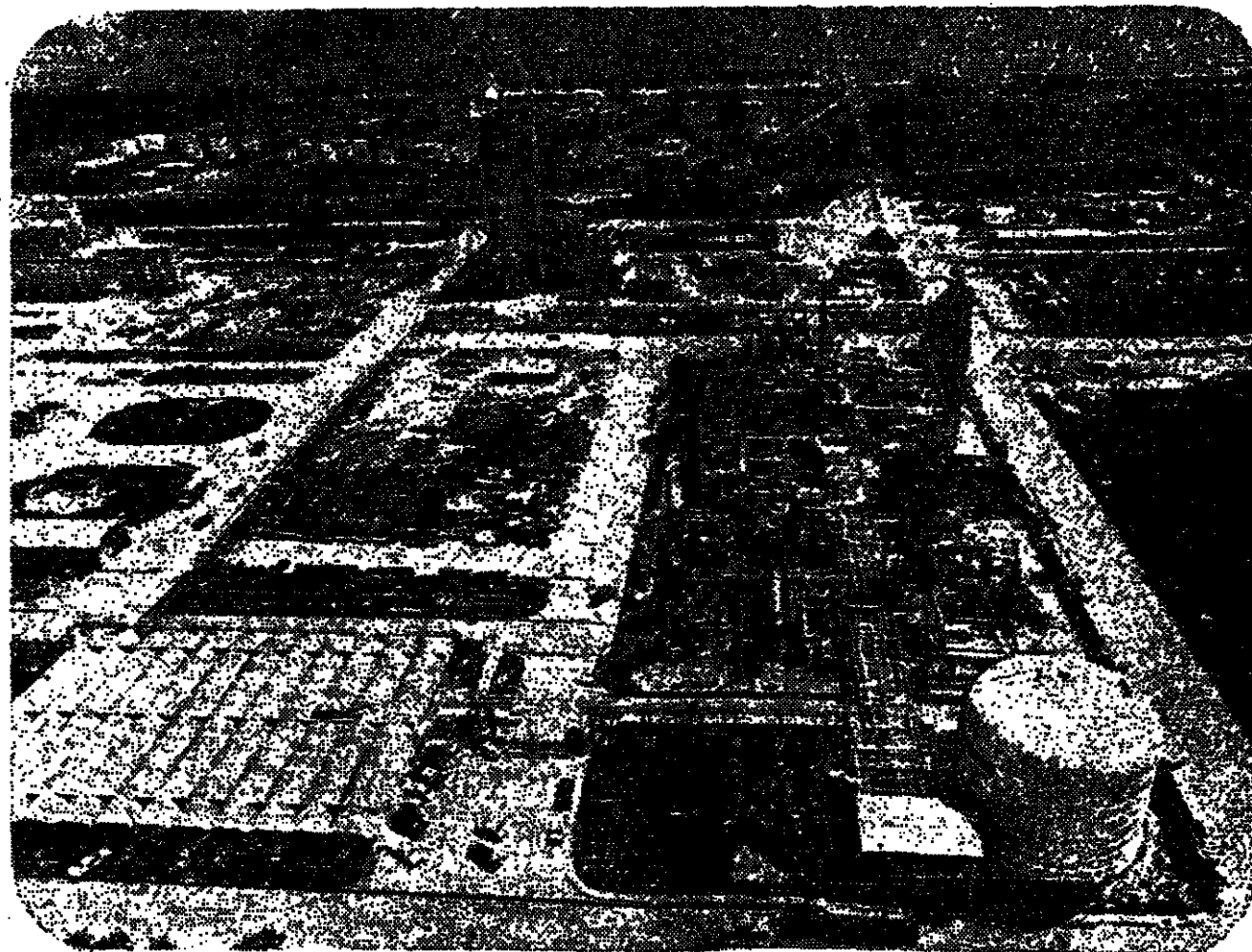
The policy of FIV is that investments, loans and deposits in foreign countries should be applied to specific projects that help their development.

Also the Fund has the capacity to invest in foreign enterprises, that will complement our economy by furnishing markets for our products, or by supplying raw materials and intermediate and capital goods, as well as management knowhow.

However, FIV's primary function is to finance the foreign components of Venezuela's immense development projects.

REPUBLICA DE VENEZUELA  
FONDO DE INVERSIONES DE VENEZUELA

## the venezuelan petrochemical institute promotes mixed companies



The variety and number of petrochemical products is so vast that, in order to cope with the industrialization of each derivative, responsible companies must be created with qualified personnel, advanced technology and guaranteed markets.

Because of this, IVP (Instituto Venezolano de Petroquímica) promotes the creation of mixed companies in which financial resources, the technical and managerial capacity of both the State and private sector, technological experience and the world market facilities of specialized international firms are associated.

The mixed companies that IVP promotes are indispensable for our progress.



With the setting up of a new State-run organisation at the start of next year, Venezuela's oil marketing policy will be rationalised and co-ordinated. The decisions to be made in the next year or two will be crucial to the country's future.

## Oil marketing

ON JANUARY 1, 1976, handled by the major operating subsidiaries of Petroleos. The new State-owned entity, will become the parent of over a dozen companies operating in the Venezuelan petroleum industry. From one day to the next Petroleos will be propelled into the ranks of the oil majors with a producing capacity in excess of 3m. barrels per day, 12 refineries capable of processing 1.5m. barrels daily of crude oil, over a dozen oil shipping terminals and about 20,000 workers. Petroleos will be in charge of a large and complex operation. In terms of sales income, it will be the ninth oil company in the world, ranking immediately after Gulf Oil.

Exxon, Shell, Gulf, Mobil, Texaco, Sun and others, the former holders of Venezuela concessions, have all announced their acceptance of the indemnities offered by the Venezuelan Government for their properties. Nationalisation has not spared even a couple of small Venezuelan-owned oil companies. CVP, the Government-owned oil company founded 15 years ago, will now also become a subsidiary of Petroleos.

In spite of the radical change in ownership brought about by nationalisation, Petroleos de Venezuela fully expects that 1976 will be as normal as can be hoped—in the international oil industry. All necessary steps are being taken to continue to supply the traditional buyers of Venezuelan oil without interruption. In fact, the former concessionaires will probably purchase a major part of Venezuelan production in order to cover their in-system demand and that of their long-term clients.

According to Petroleos, operations after January 1 will continue as before. Petroleos, in its role of a parent company, will not operate directly. The international marketing of Venezuelan oil, at least for some time in the future, will be

### Adequate

Crude reserves are adequate, with proved reserves alone covering 20 years supply at current rates. For the future, Venezuela has one of the largest heavy oil accumulations in the world in its Orinoco oil belt, believed now to contain a far greater volume than the 700bn. barrels originally estimated. Even if decisions to develop the area are taken within the next year or two, it will be 10-15 years before substantial base load quantities of acceptable grade crudes or products become available. Interesting prospects in the Caribbean offshore and in the Orinoco Delta platform are essentially untouched.

In addition to crude oil, Petroleos de Venezuela will be a significant supplier of refined petroleum products. About 35 per cent. of total exports comprise products, principally residual fuel oil. A basic volume of exports amounting to 2.2m. barrels daily has been set for 1976. With domestic consumption (excluding bunkers)

rising to over 230,000 barrels daily, total output should be in the order of 2.4-2.5m. barrels daily next year.

Nearly two thirds of Venezuelan oil exports now go to North America, principally to the U.S. east coast, which consumes a large share of the high fuel oil yield obtained in the Venezuelan refineries. Sales to the Caribbean, Central America, Europe and South America take up the remainder.

Petroleos is the only major State company that must face and resolve marketing problems covering over 60 crudes or segregations of crudes and some 80-100 specifications of refined products. Fortunately, through its operating subsidiaries, the public sector oil industry can draw on experience, expertise and imagination in implementing its objectives.

The market is viewed as an outlet for continuing supplies. Prices and volumes therefore should be tied closely to this longer-run view, rather than to short-lived and often illusory market opportunities. Until now the bulk of oil sold by the multi-nationals operating in Venezuela has been transferred to overseas affiliates. Petroleos de Venezuela, through its subsidiaries, will soon be looking for broader marketing possibilities. Increased direct sales to refiners and final consumers are a distinct possibility and should evolve gradually over a period of years.

Petroleos de Venezuela plans to operate with a small but highly experienced headquarters staff and will rely on the subsidiary organisations now in place to carry on day-to-day operations. Present plans call for a staff of not more than 200.

In a world where State-owned enterprises have only a mixed record of achievement, Petroleos aims to co-ordinate Venezuelan oil activities on a realistic basis, within the framework of Venezuelan responsibility

as a founding member of OPEC. In fact, the country cannot afford the risk of trouble in its oil industry: it provides over 50 per cent. of the Government's total revenue. Sr. Carlos Andres Perez, the President, has stressed repeatedly that nationalisation cannot be permitted to result in oil becoming a political football. The best news that the Venezuelan public could expect to have one year from now would be that operations have continued with as little change as possible.

The industry is now an efficient one, with manning standards comparable with any

## Orinoco

CONTINUED FROM PREVIOUS PAGE

estimated at 18.6bn. barrels and daily production is at an average of 2.4m. barrels.)

The companies working along the belt have developed a variety of methods for extracting heavier crudes. Under normal conditions in a conventional oil field, crude oil flows from the first wells drilled as a result of natural pressure. As pressure diminishes after time passes and more wells are opened, oilmen will inject natural gas to stimulate the flow and later use pumps to draw oil to the surface.

In the Heavy Oil Belt, though, natural flow will allow the recovery of only 3 to 10 per cent. of the weightier crudes, and work crews inject water, steam, lighter crudes and diesel oil and use special types of pumps. Phillips Petroleum has injected diluting compounds that have, in some cases, increased recovery factors to 30 per cent. and produced a lighter crude mixture. Oil industry experts had previously predicted a 6 per cent. average recovery rate for heavy oils in the belt.

Creole Petroleum Corporation, a subsidiary of Exxon,

obtained a 60 per cent. increase over natural flow of a very heavy crude by injecting steam into wells.

The CVP is now working with Mobil oil on a combustion "in situ" process, which has raised recovery rates to 40-45 per cent. in older oil fields. This method involves drilling a central well and pumping air under high pressure into the deposit. A fire starts in the underground oil reserve through spontaneous combustion, and wells drilled around the central position draw oil that has been heated and moved by the effects of the subterranean fire.

Converting heavy crude oils into marketable products is an equally tricky process. The high sulphur content and metal deposits of Orinoco crudes must be eliminated before it can be sold or processed into lighter and more valuable products through complex refining techniques. According to the director of the Venezuelan Mines Ministry's Orinoco Heavy Oil Belt Division, Francisco Gutierrez, no "totally proven process" has yet been devised for converting the belt's

Petroleos and its operating branches see themselves as the basic income generators for the Venezuelan economy. Under this concept no proliferation of employment in oil can be expected. The existing personnel is among the country's best paid and most highly motivated. This is a valuable asset and Petroleos aims to keep it whole. As the foreign companies disappear, the workers will transfer to the new national operating companies, without any change in their working conditions. Their job stability is guaranteed by law and their termination benefits have been set aside in trust funds which now earn interest for the workers.

The average Venezuelan petroleum worker is now over 40 years old and has more than 15 years experience. Last year, average earnings per man were nearly \$15,000 in hard convertible currency. Many are approaching retirement and Petroleos has personnel development at the top of its agenda. Most managerial positions are already staffed by Venezuelans and here again there will be a speed-up in development of younger talent.

Alirio Parra

and is forced to search for new deposits at great depths and in offshore oil fields.) Industry experts, who originally estimated that only 6 per cent. of the belt's reserves could be efficiently recovered, now say that a 10 per cent. recovery rate may be possible, assuming that economical processing methods can be found so that the extracted crude may be converted to marketable products.

During a speech before the Venezuelan Senate, former President Rafael Caldera asserted that the belt could provide Venezuela with 300 years of guaranteed oil production. The ex-President based his assertion on the assumption that the belt contains some 3,000bn. barrels of reserves and that a 10 per cent. recovery rate could be achieved. Using these figures, he suggested that the country could thereby extract 300bn. barrels which, at a stable production rate of 1bn. barrels per year, could last 300 years.

In attempting to develop the belt enormous financial and technological investments must be made, but experts warn that the true quantity of oil in the belt and the potential for its commercial exploitation will not be known for several years. The nation is now in the process of nationalising its multi-billion dollar petroleum industry and therefore must provide significant amounts of capital to keep the industry operating at a profitable pace. At the same time, its petroleum revenues—which brought the Treasury \$8.56bn. last year—will no longer be generated by the foreign oil companies that established the industry here over a half-century ago.

Oil industry experts say that the Government will be obliged to invest about \$4.5 to \$7.0bn. in the oil industry over the next 10-15 years in order to keep it strong, competitive and profitable. Development of the Orinoco Heavy Oil Belt, a reshaping of the nation's refining capacity and other industry changes could easily raise this sum to somewhere between 14bn. and 18.5bn. The Government must clearly will be forced to seek outside financing if an ambitious development programme is approved for the Heavy Oil Belt, since most of its regular annual income will be committed to funding industrial and agricultural growth and to paying the day-to-day bills of running a country.

Sources of future technological help are still unclear. Foreign oil companies are now working with the Venezuelan Petroleum Corporation (CVP) on pilot projects in parts of the

belt, and the State has indicated that outside assistance will be required. But the logical notion of going to the international oil companies for help raises a touchy political issue here. The State takeover of the petroleum companies embodies a long-awaited nationalistic goal for most Venezuelans. The rapid reappearance of the same companies in key industry roles would be an embarrassing political fact for the administration of President Carlos Andres Perez. Moreover, political forces in opposition to the President's Democratic Action Party have called the Heavy Oil Belt Venezuela's insurance policy for the future. During five months of sometimes fiery debate in the Congress, these opposition parties asked the Government to keep the international companies away from the belt. Some even suggested that the Government leaders were "selling out the mammoth potential of the heavy oil reservoir to foreign interests."

Despite the legislative pyrotechnics, however, the Perez Administration seems determined to engage the outside help that it needs while maintaining strict control over its conventional and unconventional petroleum reserves.

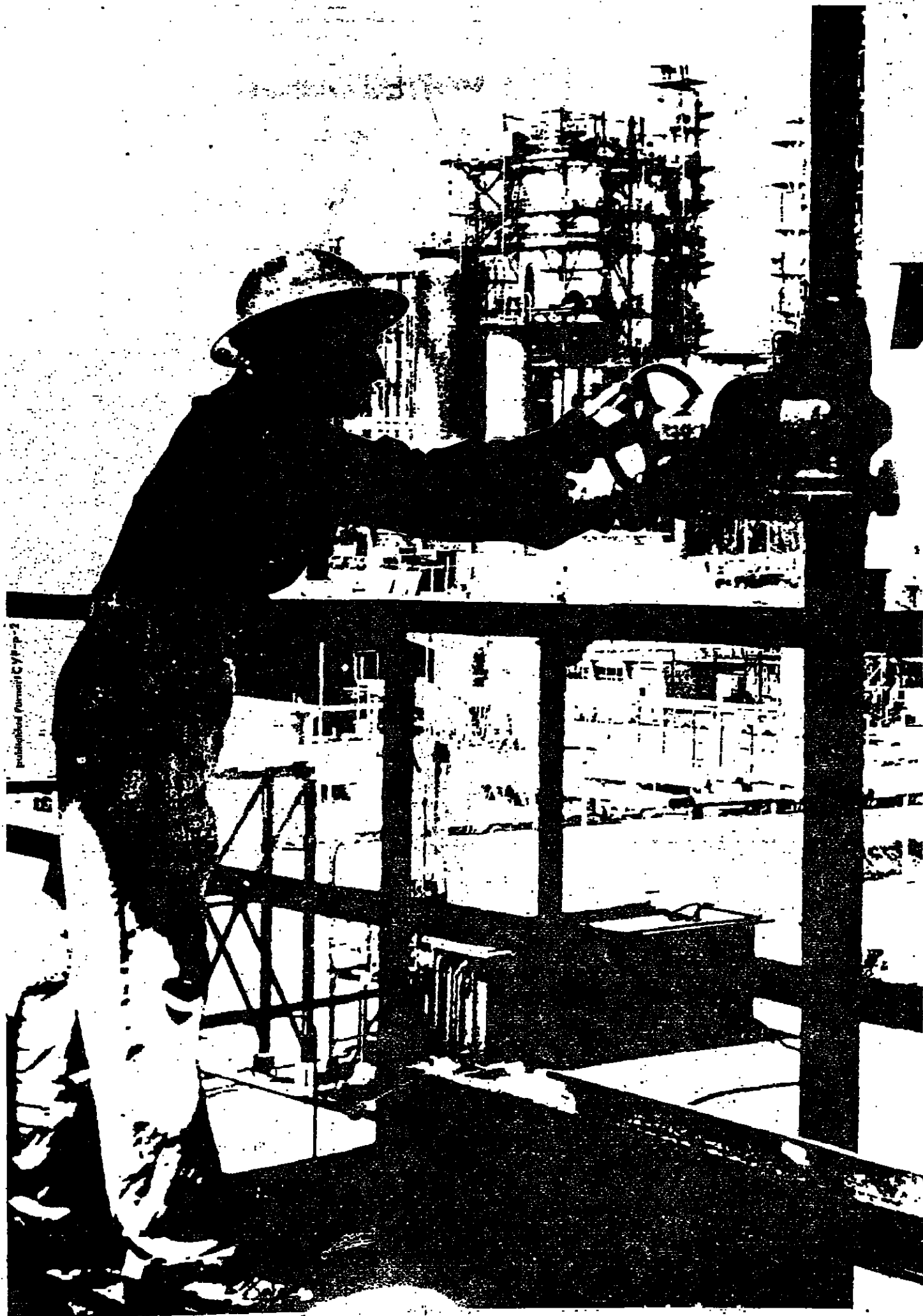
### Reluctance

Oil industry experts predict that the country will have to wait 10-15 years for the belt to become a significant factor in Venezuelan oil production. And despite reluctance among some groups to develop the belt within a short period of time, the experts assert that the course of its exploitation must be plotted now if it is to play an important role in substituting for the dwindling reserves of conventional crude oils by the last decade of the century.

One Mines Ministry official said that the Government would locate refineries near the chief production centres of the belt and added that by 1981 production would reach 300,000 barrels a day, while four years later it would be at 500,000 barrels daily.

The foreign petroleum companies will provide the nationalised oil industry with technical assistance after the legal takeover process is completed on January 1. But the precise shape of technology infusions for the Orinoco Heavy Oil Belt will not be forthcoming until the Government has defined its long-term energy policy and has assumed control of the 21 private concerns that make up its giant petroleum complex.

J. A. M.



# VENEZUELAN OIL AND THE WORLD MARKETS

The decision of the Venezuelan government to go ahead with the nationalization of our oil industry is set within the framework of the legitimate right of the peoples of the world to control the exploitation of their natural resources. It has not been our aim to speculate with this natural wealth. We are trying, rather, to achieve a new international order based on a truly just relationship between the industrialized countries and those

struggling to reach higher levels of development. We believe that only through the attainment of this new order can the world arrive at the peace and economic and political stability we all desire. Venezuela, in its efforts to achieve the balance demanded by new realities, will continue to fulfill its commitments to the international markets through its nationalized petroleum industry.



Corporación Venezolana del Petróleo



## VENEZUELA X

The Venezuelan petrochemical industry has failed to develop as it should have done. Much money has been spent to little purpose. But the ambitious plans are still there, and the President sees the industry as one of the pivots of future development.

# Petrochemicals

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by surprise

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VENEZUELA

THERE IS some debate in Venezuela about whether the country is 20 or 30 years behind schedule with its petrochemical plans—the President has mentioned both figures—and it is difficult to establish to the nearest £10m. the amount of money that has been spent by the Government on the industry to little effect. Suffice it to say that enormous quantities of money and much time have been spent on two particular complexes with very little result so far. At El Tablazo, across the mouth of the Gulf of Maracaibo from the city of Maracaibo itself, the State-owned Instituto Venezolano de Petroquímica has built a plant to turn out 150,000 tons of ethylene and 84,000 tons of propylene a year, another to produce 30,000 tons of chlorine and 49,000 tons of caustic soda; and a liquefied natural gas plant. The IVP has associated itself with some private interests to put together associated plant for the manufacturing of low density polyethylene and PVC.

Unfortunately the basic planning of the complex was never thorough, so it still lacks enough water and power to produce more than a fraction of its supposed capacity, though the plant itself is, after years of delay, said to be completed. Earlier this month President Perez expressed his anguish at the situation. Nevertheless, IVP has mentioned further plans for quadrupling the capacity of the olefin plant at a cost of \$350m. bolivars.

### Fertiliser

At Moron IVP has taken the lead in building a big fertiliser plant which has been producing between 80,000 and 100,000 tons of fertiliser since 1963, but here again production has been tardy and costly and the State has had to import the two-thirds of domestic consumption that Moron should have been producing. There are plans for bringing Moron's production to 800,000 tons of fertiliser a year, of which about half would be used locally and the rest exported.

Despite the past chaos President Perez in his message to Congress on March 12 last, reaffirmed his desire to make Venezuela the master of a big modern and efficient petrochemical industry. "The petrochemical industry for which our petroleum and energy offer fundamental opportunities with a continuous rise in world demand and production will, with steelmaking and steel fabricating become the pivot of Venezuelan nationalist development."

As the President was about to say these words private enterprise made its bid for a substantial stake in the petrochemical business. A group including some of Venezuela's most powerful businessmen under the presidency of Dr. Gustavo Cisneros published a plan under which the private and public sectors would co-operate in a 150m. bolivar ten-year effort to make Venezuela into one of the world's largest sources of petrochemicals—before the Middle East producers had had time to get too far ahead with their plans.

The group, Pentacomplejo Petroquímico or Pentacom, suggested a detailed list of products for each of the three sites in which petrochemical production is to be concentrated and offered a portion of the capital needed for the realisation of the plans. After several months of furious debate during which the inclination of a majority of the ruling Accion Democrática party to reject the plan was seen to begin to diverge from the less hostile attitude of the President himself, and when the parties of the left launched a frontal attack on Pentacom, the plan, at least in its original form, died the death. In a letter to Dr. Valentín Hernández, the Mines and Hydrocarbons Minister, Dr. Cisneros said that the plan was being withdrawn "in view of the fact that political passions and political efforts of a circumstantial nature are obstructing a calm and rational analysis of our project." Despite this one suspects that this was not the end of the efforts of the very powerful forces of the private sector to get a big share of petrochemical development.

The Pentacom affair had the salutary effect of putting much more urgency behind the Government's efforts to lay down the strategic plans for the industry. While it had always been understood that the public sector, controlling as it would the country's output of feedstock, had the overall future of the industry in its hands, until late this year there was considerable uncertainty about the Government's specific plans and where the public sector would end and the private sector begin.

The move to plan and delineate the industry came first with the appointment at the beginning of this year of a highly qualified and competent National Council for the Petrochemical Industry (Conip), with representatives of the public and private sectors, one of whose leading officials is Dr. Alfredo Riviere, its Executive Technical Secretary. Throughout this year Dr. Riviere has

been working with his team on setting out the strategy of petrochemical production in Venezuela and with some patience explaining its progress to an eager and fascinated industry. The first stage of Conip's work, an evaluation of the future prospects of Venezuela in the context of the production plans of other producers, particularly the Middle Eastern oil states, has been completed. In July Dr. Riviere was able to give some more detail. The strategic petrochemicals, such as fertilisers and explosives would star in the hands of the State exclusively. A second group of less sensitive items would be produced by companies in which the State's shareholding would be not less than 51 per cent. This group includes the fundamental derivatives from which plastics are made, elastomers, monomers for synthetic fibres and the intermediate products deriving from them. Dr. Riviere points out that these are the fastest growing items in world petrochemical production and their production the public

sector needs to have a preponderant say. These first two groups include about 50 products. The rest of the petrochemical industry is open for private enterprise to develop on the basis of majority shareholdings, given always that it respects Venezuela's obligations under the Andean Pact, which has recently divided the production of petrochemicals on a rational basis among its six members.

At the same time Dr. Riviere mentioned the setting up of a holding company, the Corporación Petroquímica Nacional, whose functions would be similar to those exercised by Petroleos de Venezuela in the oil sphere.

In his most recent speech Dr. Riviere gave specific figures for the increases in production he envisaged for a number of items over the next five years. Ethylene glycol output was to go up by 57.7 per cent, vinyl chloride by 62 per cent, cumene by 59.4 per cent, ethylene dichloride by 65.2 per cent, acrylonitrile by 88 per cent, styrene by 75 per cent,

### Recession

Nevertheless Conip is very conscious of the continuing world recession, and Dr. Riviere says that he has to spend much of his time moderating the enthusiasm of the stream of salesmen who come to his door trying to sell him new and grandiose ideas for bigger and more expensive plants.

The private sector is still worried by many factors in the petrochemical puzzle, including the regularity of supply from the Government-controlled sources of crude oil and natural gas and the prices that will be fixed for them. There are, too, anxieties lest the Government decides to give the export of feedstocks priority over continuity of supply to the home market.

In the next few months the Government will have to make up its mind on a number of large questions of manufacturing strategy and the structure of its participation in the industry. Venezuela has to make a great effort to overcome the lack of co-ordination and the muddle that has caused so much upset in the past and about which General Montalvo, head of IVP, was complaining only a fortnight ago. If these difficulties are successfully overcome there should emerge three very healthy and competitive petrochemical centres, the El Tablazo one on the oil and gas fields of the plains around the Orinoco River and a third at the oil refining centre on the Paraguaná peninsula on the Caribbean. The industry will also be thinking about investment abroad and has already established a joint venture with Colombia to make 180,000 tons of fertilisers and 16,500 tons of caprolactam a year at a site in Colombia.

H.O.S.

Expansion of port facilities, the acquiring of its own tanker fleet and the setting up of a major shipbuilding and repairing sector are some of the aims that Venezuela has set itself in its current development scheme.

# Shipbuilding

AN IMPORTANT element in Venezuela's new development scheme is the plan to construct sizeable shipbuilding facilities to be utilised to satisfy her own needs for cargo ships, oil tankers and repair work, and which might eventually tap the market in yards, serving the Caribbean and middle-Atlantic.

This calls for expenditure of an estimated \$240m. to expand the present shipyards at Puerto Cabello, on the Caribbean, and to construct new yards at the same site and three other facilities in different parts of the country.

According to the plan the first stage of the Venezuelan shipbuilding industry would include installations for the following:

- Construction of 60,000 to 80,000 ton tankers or similar ships
  - Manufacture of cargo ships in the range of 12,000 to 45,000 tons
  - Repair of vessels up to 80,000 tons
  - Building of ships up to 80,000 tons, including warships
  - Repair of fishing boats
  - Construction of vessels up to 10,000 tons.
- The second stage would be devoted to yards capable of building ships for sale internationally.
- Despite the paucity here of naval architects and professionals in associated disciplines, President Perez asserted last year that the country should strive to develop the largest shipbuilding industry in South America. New shipyards producing thousands of jobs for Venezuelans would not only give the country direct social benefits, Government planners believe, but would also reduce additional dependence on the industrialised world, meet domestic demand for oil tankers

and cargo vessels and diversify the petroleum-based national economy.

Finance for these projects is expected to come from the Venezuelan Investment Fund and outside investors, since the Government has expressed interest in forming mixed-capital companies for some of the yards. The Venezuelan Investment Fund, which uses its \$50m. in assets for financing part of the Government's high priority development projects, this year set up Covina, the Venezuelan Naval Industry Company, with an initial outlay of \$9.3m. Covina will administer the Government's shipbuilding projects and a decision is expected soon on the first major contracts.

The nationalisation of Venezuela's petroleum industry has given impetus to Government plans for developing a tanker fleet that will be capable of moving 90 per cent of the country's petroleum exports within the next ten to 15 years. As the world's third largest exporter of crude oil and petroleum products, Venezuela shipped over 647m. barrels of crude and 333m. barrels of refined products to foreign countries last year, mostly to the U.S.

Sixteen international shipping groups representing eight countries were invited to bid on the tanker fleet, and eight companies responded with detailed proposals for either offering technical assistance or participating directly in the management of the fleet. The eight were: Codelfret (Belgium); A. P. Moller Shipping Co. (Denmark); Van Ommen FRS (Holland); Van Nieuvelt and Goudriaan (Holland); Finnmark (Italy); Carlo Camelli-Rhine Scheide Verolem (Italy); Japan Line and Mitsui-Sanko Steamship Corp.

Venezuela expects to develop

two major options. One proposal would establish a mixed-capital company with no more than 20 per cent private ownership. This mixed enterprise would operate a tanker fleet for the government. An alternative would be to contract with a shipping firm which could provide technical and practical experience in organising and operating a fleet to be fully owned by the State.

In addition, the planners still must decide on the desirability of leasing tankers, purchasing ships that are already at sea or building to its own specifications. (Venezuela's Defence Minister announced late last month that the Navy had agreed to purchase six warships from the Italian firm of Cantieri Navali for about \$465m.)

Sr. German Blanco, an economist working with the Government on the formation of a petroleum fleet, said that the fleet has been under study for over a year and that a special committee had narrowed down bids that were sent in last November. The panel recommended bids prepared by four companies, but the final decision lies with the President and his advisers.

Within ten or fifteen years, though, Venezuela intends to acquire a fleet of about 25 tankers in the same tonnage range. These vessels would be able to carry at least 50 per cent of the nation's oil exports, thus complying with the National Merchant Marine Law and its regulations on use of domestic ships for carrying domestic products.

### Iron ore

In the area of non-petroleum shipping, the Government-owned Venezuelan Navigation Company (CAVN) chartered nine ore carriers in June to transport Venezuelan iron ore to the U.S. and Europe. The country last year exported 20m. metric tons of iron ore, the great bulk going to the U.S. CAVN up to now had been able to handle only a small fraction of the nation's imports and iron ore exports with its fleet of 16 ships. Last year the company began carrying iron ore in chartered vessels and transported 1.5m. tons of ore, amounting to 57 per cent of the tonnage moved by the company for 1974. CAVN earned \$10.3m. using its three new carriers and realised a net profit of \$860,000. With the nine new ore carriers the company expects to move some 6.5m. tonnes of iron ore and earn a \$3.5m. profit. CAVN's gross earnings for the first five months of 1975 were \$53.5m., while last year gross income reached \$95m. and after tax earnings amounted to \$16m. The company received loans and

CONTINUED ON NEXT PAGE

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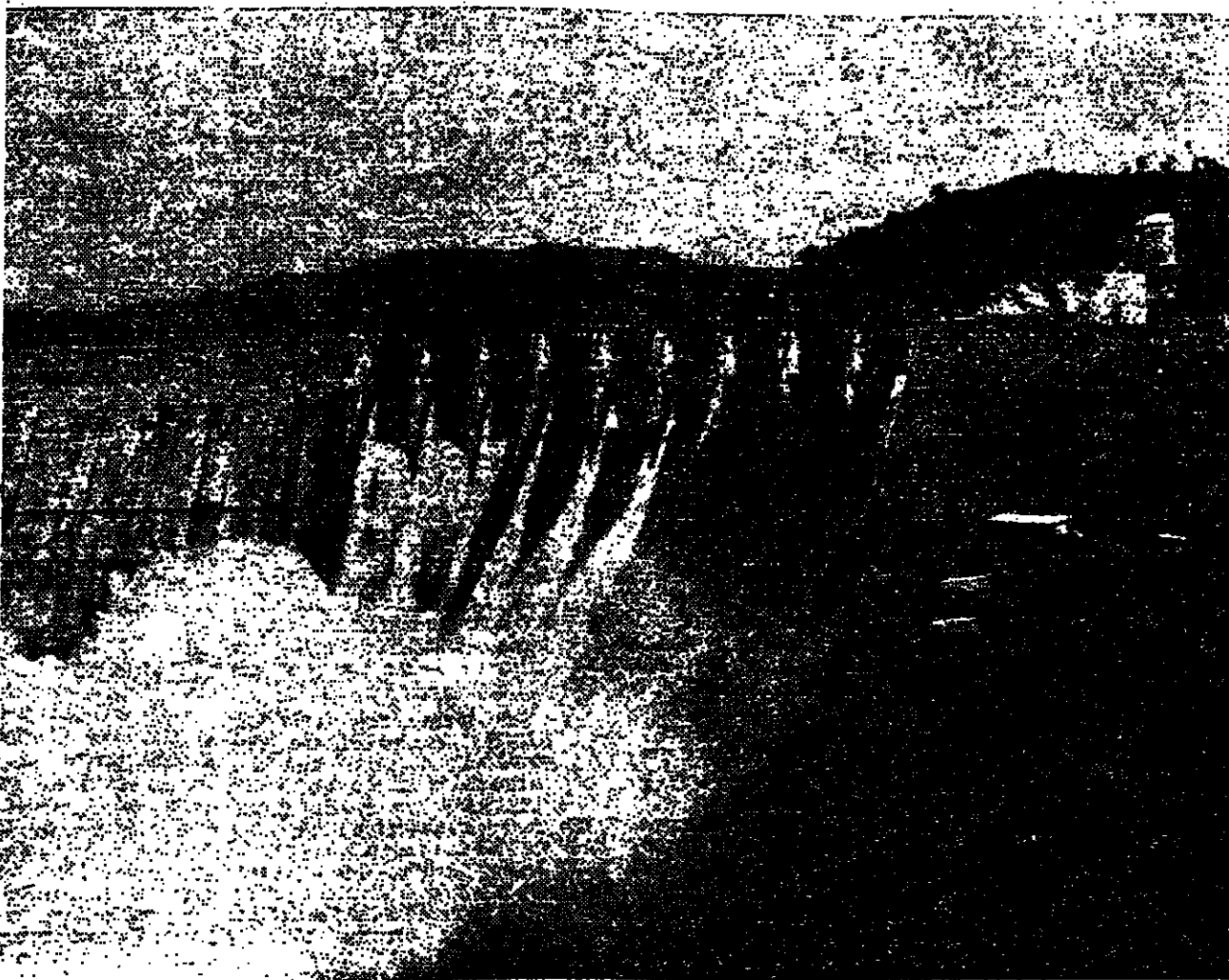
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VENEZUELA XI



The Guri Dam on the Caroni River.

Hydroelectricity supplies most of Venezuela's domestic energy as well as serving the steel and aluminium industries. Oil, gas and coal can thus be used to supply industrial needs. Plans for nuclear development are beginning to take shape.

# Hydroelectricity

IRE sign of the wealth "It was so cheap to build, we can regulate 95 per cent of the flow of the river and the lake doesn't silt up because the earnings, its main water is clean. There is hardly a site like this anywhere in the world."

Construction of the Guri Dam, 55 miles south of Ciudad Guayana, began in 1963, with its generating capacity inaugurated in November 1968. To-day, six power units are in operation with an installed capacity of 1,200 MW. Because of the rapid rise in electricity demand, particularly from the burgeoning industries of Ciudad Guayana, plans to complete the first stage by 1980 have been brought forward by three years. By 1977, in fact, a further four power units will be in place, giving the dam a hydroelectric capacity of 2,080 MW.

The highly ambitious second stage has been advanced even more dramatically, the present plan being to add a further ten power units and 6,000 MW in capacity by 1987 instead of by the year 2000. But while the first stage to 2,080 MW was extraordinarily cheap to complete—a mere \$280.6m—the second stage is expected to cost \$2.4bn.

The present dam structure will be raised by 52 metres and extended 280 metres to accommodate the second ten-unit powerhouse. The flooding caused by the dam will also increase six-fold—from 700 sq. km. to 4,200 sq. km.—although fortunately there are few villages and limited animal life in the area to be covered by water.

Contracts have already been signed for power units for completion of Stage One, while bids have been invited for provision of some equipment for Stage Two. Japan's Hitachi, which supplied the first six turbines, will provide the final four 230-MW capacity turbines for

Stage One, while the Canadian General Electric Co. has won the contract for the final four generators (Westinghouse of the U.S. provided the first three and Japan's Mitsubishi supplied the second three generators). Six companies—Hitachi, Allis-Chalmers (U.S.-West Germany), Escher-Wyss (Switzerland), Dominion (Canada), Alsthom (France) and Nohab (Sweden)—have been invited to make bids to supply the first four turbines of Stage Two.

## Decision

A decision on the turbines is expected later this month, although Hitachi is the strong favourite, not only because it has enormous experience in Guri, but because its bid was reportedly much the cheapest.

The generating equipment will be chosen around next April from offers made by Hitachi, Mitsubishi and Toshiba of Japan, General Electric and Westinghouse of the U.S., Alsthom of France, ASEA of Sweden, Brown Boveri of Switzerland, Siemens of West Germany and the Canadian General Electric. The Soviet Union, experienced in producing power units of the 600 MW dimension to be used in Stage Two of Guri, is interested in making bids for the six turbines and generators that will complete the dam's capacity.

The civil engineering work on Guri's Stage Two will be terminated by 1982, although the first of the new power units will be installed in 1980 and a further three in 1982. The remaining six will be acquired in response to the growth of demand, although, according to current projections, they will be necessary by 1987.

At present, there is only one other dam on the Caroni—at Macagua, just four miles south of Ciudad Guayana. This was completed in 1960 at a cost of \$47.4m. and has a current capacity of 350 MW, using six units of 61 MW supplied by Voight and A.E.G. of West Germany. After 1987, this dam will be enlarged to have an installed capacity of 1,315 MW.

The extraordinary potential of the Caroni River can be illustrated by the plans to build two further hydro-electric dams between the Guri and Macagua Dams. Immediately north of Guri, a 1,780 MW capacity plant will be built at Tocoma and, nearer to Macagua, a 1,080 MW capacity plant is planned for Caruachi. Construction will start in 1983 and generation of electricity is scheduled for 1988.

The entire development of the Caroni is in the hands of the Electricidad del Caroni Company (EDELCA), a subsidiary of the Government's holding company, Corporación Venezolana de Guayana (CVG), which also owns most of the country's steel, aluminium and iron ore industries. EDELCA's General Manager, Sr. Rodolfo Telleria, estimates that by 1987, 40 per cent of the Caroni's hydro-electric energy will be used by the CVG's factories in Ciudad Guayana alone and that this proportion will grow rapidly as the region's development takes off.

The balance, however, is being and will be injected into the national grid through sales to CADAPE and Electricidad de Caracas, the country's two electricity distribution companies. The low production cost of the Caroni's hydro-electric energy—\$0.008/kWh compared with \$0.012/kWh for oil-fired energy and \$0.014/kWh for nuclear energy—has helped bring down the average cost of electricity throughout the country.

But given Venezuela's determination to use its oil and natural gas reserves for petrochemical and other industries, even the relatively higher cost of developing the hydro-electric potential of the Caroni and Andean Rivers will be justified. At present, most of CADAPE's thermo-electric plants are fed with natural gas, while so far little coal has been used for energy purposes. CADAPE's latest thermo-electric plants, however, have been designed to use "residual fuel," which is the least valuable by-product of the refining process. CADAPE, which already has one 240 MW hydro-electric plant on the Santo Domingo, will also be responsible for developing all rivers apart from the Caroni.

In line with the policy of preserving non-renewable resources wherever possible, the Government is now actively preparing to turn to nuclear power for electricity. "Our hydro-electric plants will satisfy demand until around 1990 or 1995," Sr. Telleria said. Nevertheless, the Government will probably soon invite bids for its first nuclear reactor, thus not only matching the recent "political" gestures by Brazil and Argentina in this area, but also preparing to meet the energy demands of an industrial age that Venezuelans feel is just around the corner.

# EXPORT

via Venezolana de Navegación

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# hipbuilding

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subscriptions from the Mellon Investment Fund ear totalling \$218m. Venezuela's three largest are destined for major ement with the help of Government funds be next four years.

the country's principal and the main freight for nearby Caracas, has suffering from acute congestion since 1973, new petroleum income set mad rush to bring in goods abroad. La Guaira last moved 1.8m. tons of goods more than a snail's pace face of total (non-um) port movement that from 3.8m. tons in 1970 to last year. Imports made 5m. tons of 1974's non-um cargo.

ring one of the score of conferences called by the nment to discuss the helming congestion at Guaira, Finance Minister r Hurtado told reporters the State was doing all it to speed up activity, but the flood of imports was so that "not even Mandrake i make things work."

an effort to improve cargo

handling techniques here, Mr. John McNab, Director of Upper Docks at the Port of London, visited Venezuela earlier this month to discuss use of the bonus incentive scheme that was introduced at the Port of London. The new method brought about a 27 per cent increase in productivity and a 28 per cent cut in ship turn-round times.

## Christmas

A Caracas newspaper reported last week that half the imports arriving at La Guaira in recent days consisted of alcoholic beverages ordered for Christmas festivities. Four warehouses at the port were full to overflowing with liquor, especially cartons of "glisky" (whisky) used to enliven the fortnight around Yuletide when the sound of ice cubes falling into highball glasses is heard from the Andes to the Atlantic.

La Guaira will receive new installations valued at \$104m. including eight new docks, grain storage facilities and other general improvements.

Public Works Minister Arnoldo Jose Gabaldon said that he expected La Guaira's cargo capacity to increase by about 2.7m. tons per year, giving it a total annual handling capacity of 4.4m. tons. This figure is designed to satisfy import and export demands of the capital area until about 1990.

Puerto Cabello, located west of Caracas on the Caribbean, is also scheduled for improvements totalling \$104m. in an effort to boost cargo capacity from 1.8m. tons a year to 6.3m. At Maracaibo, the port serving Venezuela's most important oil-producing region is scheduled to receive investments totalling \$10.5m. These improvements are not aimed at the oil-export facilities that were built and maintained by petroleum companies.

About \$50.6m. is to be spent on the development of a duty-free port north of Maracaibo and the construction of new ports on the central coast and on the Orinoco River near the country's steel and iron-ore producing areas.

J. A. M.

A. R.



The steel industry has been earmarked as a major recipient of funds from Venezuela's oil earnings. Its potential for growth is undeniable, but the rest of the industrial sector still needs to expand.

# The steel industry

PERHAPS MORE than any has been so badly run that it still requires considerable re-organisation before it can absorb large new investments. On the other hand, the steel industry, 95 per cent of which is in Government hands through the Siderurgia del Orinoco Company (SIDOR) at Ciudad Guayana, has long since proved its efficiency and has been able to respond quickly to the influx of capital. What is new for Venezuela's steel industry is therefore money, because its potential for growth has long existed. The country has enormous supplies of iron ore, coal and cheap hydroelectric energy. It also has a fast-growing domestic demand and is attached to the Andean Common Market, where steel consumption is certain to expand rapidly in the next two decades. The sudden flood of such as petrochemicals, might petrodollars has therefore first be developed. But, over the past decade, the largely nationalised petrochemical industry in four years what we had

planned for 15 years." In the euphoria of OPEC's oil price comp, which coincided with the installation of an ambitious new Government, the talk was to increase Venezuela's steel capacity from 1.3m. tons to-day to 15m. tons by 1985. But the technical, administrative and even financial problems involved forced a revision of plans, and the current programme is that about 10m. tons should be produced annually within the next decade.

## Expansion

The first stage involves the expansion of Sidor's plant at Ciudad Guayana from 1.3m. tons to 5m. tons by 1978. Work is going ahead almost on schedule, and most large supply and construction contracts have already been signed. The second stage, which is still being planned, would include the construction of another 5m. ton steel complex

in the western state of Zulia, close to Venezuela's principal coal reserves.

The Sidor plant is extraordinarily well situated. Standing on the banks of the River Orinoco, it is convenient for the current importation of coke — 250,000 tons per annum from Japan and Europe — and the future export of steel products. It is also close to the country's main iron ore reserves, which are being exploited by the Orinoco Mining Company and the iron mines company, owned by U.S. Steel and Bethlehem Steel, respectively, until their nationalisation this year. The two companies, which have recently been joined under a new holding company, Ferrominera Venezolana, possess reserves of about 2,000m. tons of iron ore in the region around Ciudad Guayana. By maintaining current production of about 2m. tons — most of the output is now exported although eventually all will be trans-

formed domestically — the reserves have a life of at least 80 years. A third factor guaranteeing the competitiveness of Sidor's steel is the ample supply of cheap energy from the Guri hydro-electric dam on the Caroni River, just 55 miles south of Ciudad Guayana.

Because of the growing import cost of coke — Venezuela still has no facilities for transforming coal into coke — and the availability of alternative energy supplies, the expansion of the Sidor complex will be founded on the use of natural gas and the production of sponge iron through the HYL and MIDREX processes. The natural gas is readily available in the hydrocarbon reserves north of Ciudad Guayana and, at least until the gas can be used in more sophisticated petrochemical installations, offers a cheaper form of energy than imported coke.

Work on the expansion is already going ahead. Movement

of earth for the huge new facilities will be completed by February next year, while the extension of the quay from 300 to 600 metres will be finished within nine months. The massive pelletisation plant, being built by Austria's Voest-Alpine company at a cost of \$162.8m., should be operational by the end of next year. Two small direct reduction plants, each with a capacity of 400,000 tons, are being constructed by Mexico's HYLSA company and Korf of West Germany, with one of the two concerns likely to win the contract for the principal direct reduction plant of 3m. tons capacity. The electric smelting shops are to be built by West German consortia, with completion set for mid-1978.

The entire investment involved in expanding flat products, wire-rod, bars, billets and slabs capacity is estimated at \$3.4bn., with the Venezuelan investment fund (VIF) channeling petrodollars into the purchase of equipment abroad and SIDOR using ploughed-back profits to cover many local expenses.

At present Venezuela is importing about 700,000 tons of steel products per year, although once the expanded Sidor plant is operational in 1978 the country should be exporting about 2.5m. tons. By 1985, however, domestic consumption may have caught up with production and the need for a further expansion in capacity will be felt.

The plans for the steel industry's second 5m.-tons plant are still very much at the debating stage, although there is agreement in principle that the

complex will be established in the state of Zulia, with the twin aims of using the local coal supplies — estimated at 1,500m. tons, of which 20 per cent could become coke — and stimulating the region's development. SIDOR is currently in charge of studying the project — advised by W. S. Atkins and Partners of Britain — which would initially involve semi-finished products for export. Japanese, West German, American and British companies are interested in the project, and a consortium of Davy Ashmore International of Britain, Ceramique of France and Demag Aktiengesellschaft of West Germany have already made a preliminary presentation to SIDOR. But the fact that British companies showed little interest in the first steel expansion programme — even when specifically invited to make bids — has not gone unnoticed here.

The presumption underlying SIDOR's expansion, the proposed Zulia plant and the undefined ideas of a further 5m. tons productive capacity is that the demand for steel throughout the world — and particularly in Latin America — will recover rapidly from its current slump. "We have no doubts about our ability to export," SIDOR's president, Sr. Luis Jose Hernandez, said in an interview, "though we recognise the need for pre-construction sales contracts in the case of the Zulia plant." In the past, SIDOR has exported to Argentina, Mexico, Colombia and even the Gulf coast of the United States, although at present all output is consumed domestically. Venezuela's main steel market in the 1980s, however, should be the six-nation Andean Common Market, to which the country has belonged since January last year.

Nevertheless, faced with the prospect of having to market perhaps as much as 3m. or 4m. tons of steel products within eight years, Venezuela may find the economic viability of its industry being questioned. For example, even within Latin America, with Mexico and Brazil currently expanding their steel capacity, there will be sharp competition among potential exporters. Japanese and European producers, fighting to retain their share of the market, are also not above "dumping" their steel at below-cost prices and thus undermining the local indus-

tries. Even during the recession in world steel the Venezuelan Government has been forced to interpose against "dumping" steel to the detriment of SIDOR.

At present, SIDOR is proud of being a company promoting regional development and job creation, sacrificing itself as a social operation. During a boom year, for example, company's net profits rose by 43 per cent to \$159.3m. in 1973 to \$221.7m. in 1974. Accumulated profits reached \$45.8m. at the end of last year and, even though this year, the company remains sound financially.

## Capacity

Perhaps the only issue is therefore if it should increase its capacity. It is too soon to say if the Zulia project will be able to consume and in view of the impact of the world steel market decision to shelve production to 1985 was therefore studied in greater detail. It is evident that no steel slump is passed clear pattern of some the next decade is evident.

Along with Mexico and Argentina, then, Venezuela is destined to become Latin American steel with its cheap ore and its relatively easy markets perhaps offer country a competitive key to Venezuela's industry nevertheless extent to which the industrial sector is absorb its production. Venezuela is a country notoriously in industry heavier than assembly plants.

Now the country is suddenly into a programme of heavy loads these steel, aluminium petrochemical projects, hope to grow if a medium industrial sector rapidly to provide the plier effect that the needs.

Aluminium is also poised for expansion. But there is a problem, in that Venezuela is surrounded by countries whose bauxite deposits are of much greater importance to their economy.

## Aluminium

ALONG WITH steel, Venezuela's aluminium industry is currently reflecting the financial exuberance that the country has assumed since OPEC helped to multiply its oil earnings two years ago. Almost overnight, the petrodollars have rolled in, the Government has casually added to its challenges by announcing that aluminium production will grow from 54,000 tons a year to-day to 450,000 tons by 1980, enough to convert the country into the region's main exporter of the finished product.

The natural reaction to such ambitious plans is, of course, to presume that enormous and sudden wealth is provoking delusions of industrial grandeur. But one factor gives cause for confidence: the aluminium industry — along with steel and hydro-electricity — comes under the Venezuelan Corporation of the Guayana (CVG), which over the past 15 years has proved itself the most efficient agency in the Government. As a result, while many of the administration's project announcements are seen as mere announcements, those that are executed and administered by the CVG are expected to become reality.

## Electrical

Venezuela's aluminium industry as it currently stands involves just one 54,000 tons capacity plant at Ciudad Guayana. The site was chosen because it is close to the main source of cheap electrical energy, the Guri hydroelectric dam on the Caroni River 55 miles south of the plant. The factory is also beside the Orinoco river, thus enabling supplies of alumina to be unloaded directly from the freight-carriers.

The company, known as Alcaza, is owned 50 per cent each by the Reynolds Mining Company of the U.S. and the Venezuelan Government through the CVG, although Reynolds has responsibility for managing the operation. Reynolds also supplies the plant with alumina from its plant at Corpus Christi, Texas, which in turn is supplied with bauxite directly from Jamaica.

Because of plans to increase Alcaza's capacity to 190,000 tons a year by August, 1979, the cost of \$23.2m., the company has been ploughing its profits for the past few years. In 1974, for example, paid-up capital of \$33.7m. registered an 11.6m. Eventually, both Reynolds and the Government can expect to receive a share of the dividends on investment.

The second part of the plan of the country's aluminium industry involves the construction of a new company, comprising 80 per cent Venezuelan Government — through the CVG — and 20 per cent Japanese capital — through a consortium of Sumitomo, Mitsubishi Steel, Marubeni and Denko. At a cost of \$11.6m. Venalum will build the largest smelter with a capacity of about 320,000 tons. By 1978, a capacity of 100,000 tons will be operational, the entire project will be completed by 1980.

To supply the newly-created industry with alumina, the Government has embarked on another project in Ciudad Guayana: the construction of an alumina plant with a 10 annual capacity. To be known as Aluminia del Caribe, the plant will be 80 per cent owned, with the balance by private investors. Construction already begun and scheduled to be terminated by 1978, according to current projections, the plant will be supplied with at least 400,000 tons of bauxite — from the Government rather than foreign-owned mines — which balance will come from Guyana, Surinam, Brazil and other producers.

The huge investment involved in the aluminium industry — more than \$1.5bn. apart from the industrial projects that will spring up as a result of the availability of cheap aluminium — have the Venezuelan Government only to go ahead with but



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CONTINUED ON NEXT PAGE



## VENEZUELA XIII

Venezuela's motor industry, which directly or indirectly is entirely of foreign origin, is passing through a difficult period. Long-term prospects, however, are considered bright in terms of the country's membership of the Andean Common Market.

# The motor industry

VENEZUELA'S motor industry, though, while growing rapidly, is still far too small to institute economies of scale and thus avoid some of the wastage and inefficiency that are features of the continent's motor industries. For example, with these same 16 companies operating, total vehicle output in 1970 was a mere 68,976 units.

Production last year topped 118,000 and this year may exceed 140,000, with Ford and Chrysler marketing about 40,000 vehicles each. But with the industry producing over 60 different model variations—admittedly down from 116 five years ago—economies of scale are still a distant dream.

Until the Government began seeking to control retail prices, however, the cost of inefficiency was merely passed on to the consumer behind high protective barriers. Foreign producers could also sell the parts to be assembled in Venezuela at arbitrary prices and thus ensure healthy profits at source.

But in the late sixties, the Government's creeping price controls began to be felt. At first the price of so-called popular cars was directly controlled, although this later gave way to control of the price of just one model in each category, thus forcing the other producers to hold down their prices to remain competitive. Subsequently, the Ministry of Development introduced price controls for all cars, though not lorries. It now controls the prices of all lorries and some "popular" cars.

The theory behind these controls—beyond that it is politics—is that foreign producers are making a large profit when they sell their unassembled parts to Venezuela and can therefore carry a smaller profit or even

loss here. But while this might apply to such companies as Ford or General Motors, which are in effect selling to themselves here, those numerous Venezuelan companies that are assembling vehicles on contract are in no way able to share in the first stage of profit-making but must carry any losses entirely on their own.

The large and mainly American companies are also in a better position to ease the impact of price controls on "popular" cars—in American language, compact and sub-compact—since they are free to raise the price of their luxury products. For example, General Motors is able to sell its main six-cylinder models at only about 10 per cent. above the average American price. But its eight-cylinder luxury cars are sold at more than 200 per cent. above the U.S. price on the implicit understanding that they are subsidising losses on the smaller cars.

One further Government imposition on the industry has been the obligation that vehicles assembled here should have a growing input of domestically made parts. With cars, that percentage is now 40 per cent. of the total wholesale value; with lorries and buses, it is between 25 and 30 per cent. Until now, however, this input could not come from subsidiaries of foreign companies, but rather from authentically national producers of, say, gearboxes or brake linings. The margin of profitability for foreign vendors of vehicle parts has therefore shrunk, although the new problem of the dubious

quality of much local production has arisen. This, then, is the picture now of the Venezuelan automotive industry. But major changes are imminent. Venezuela's one European producer will be formal entry into the six-nation Andean Common Market in January last year coincided with the organisation's decision to restructure and rationalise the entire region's vehicle industry. As the producer and consumer of more than 50 per cent. of the area's vehicles—although accounting for only 18.5 per cent. of the total population—Venezuela was obviously in a position both to benefit from the larger market and suffer from any excessively egalitarian distribution of the industry.

After often bitter negotiations, during which the Venezuelan industry complained vocally that it was suffering unfair discrimination, the Andean Pact nations agreed that vehicles of less than 1,500 c.c. should be produced by Colombia, Chile and Ecuador, that vehicles between 1,500 and 2,000 c.c. be produced by Venezuela, Peru and Colombia, and that vehicles above 2,000 c.c. would be produced exclusively by Venezuela. In practice, countries can produce other models, but only those specified in the agreement will benefit from the lifting of all tariff barriers and import duties within the region.

To adjust to this agreement, the Venezuelan Government has taken the opportunity of planning the entire reorganisation of the local industry. It has decided that only seven basic vehicle models will be produced here in future: cars of four, six and eight cylinders, one Jeep or Land-Rover, and small, medium and heavy lorries. In each category, the current producers have until January 15 next to present bids

for the concessions (for example, Renault, Fiat and Volkswagen will bid for the four-cylinder model, while Ford, General Motors, Chrysler, and one European producer will bid for the six- and eight-cylinder cars).

Thus after the Government decision is announced next May, at least nine and perhaps more sophisticated parts, however, the current plan is to end the integration process at 90 per cent. For fully-owned foreign companies, there will be the compensation that, for the first time, they will be able to produce their own parts in Venezuela, thus ensuring both

and more carefully controlled. By 1980, for example, 75 per cent. of the value of the vehicle, including the engine, transmission and rear axle, must be produced here. And by 1985, the percentage of national input must rise to 80 per cent, including the bodywork. Because of the enormous cost of producing some small sophisticated parts, however, the current plan is to end the integration process at 90 per cent.

For fully-owned foreign companies, there will be the compensation that, for the first time, they will be able to produce their own parts in Venezuela, thus ensuring both

quality control and continued direct participation in their own products. But new manufacturing companies must be formed with majority Venezuelan capital to do this, while the fully-owned foreign companies, such as Ford and Fiat, have until 1980 to give way to Venezuelan majority of capital under the Andean Pact's foreign investment regulations.

Despite the restrictions, however, the various vehicle producers here are sufficiently interested in remaining in the Venezuelan—and, indirectly, the Andean—market to be preparing to compete strongly for the various production concessions. The domestic market alone, for example, is expected to grow from about 140,000 units this year to 200,000 units in 1980 and 240,000 units in 1985, while regional demand will probably be double that amount. Compared with Argentina, Brazil and Mexico, though, the six-nation market will still seem modest.

But given the abundance of cheap petrol here, the generalised taste for large expensive cars and the ambitious Government plans for highway construction, it is evident that, at least in Venezuela, the automotive sector will remain a rapid growth industry for the foreseeable future and beyond.

premise that we will import the bauxite for our alumina plant, but we must be ready for any eventuality.

Even more than oil, the price of which is determined worldwide by OPEC, bauxite politics may undermine Venezuela's efforts to establish close economic ties with the Caribbean. The Perez Government is clearly anxious to help its neighbours, but it cannot sacrifice its own development. For example, if the efforts of such bauxite producers as Jamaica, Guinea and Guyana to increase the world price of bauxite are successful and the cost of the commodity to Venezuela begins to affect the profitability of its own alumina and aluminium projects, then Caracas can be expected to order the development of its own bauxite supplies. The Alumina del Caribe plant will in fact be a high temperature/high pressure installation capable of using different qualities of ore. Similarly, as the bauxite producers understandably seek to transform their own natural resources, they will find themselves competing for markets with Venezuelan alumina and aluminium, both of which will be benefiting from cheap electricity and up-to-date equipment. For example, at present, most of Venezuela's 10,000 tons of aluminium exports are going to the Andean Common Market nations, but once the expansion programme is completed, Venezuelan alumina will also be seeking markets in the Caribbean and the United States. Under the agreement with the Japanese consortium, 130,000 tons of Venalum's output will be sold directly to Japan. But during at least a decade, export markets must be found for the balance.

But while aluminium export should be significant during the 1980s, the premise behind this and other basic industrial projects is to stimulate a broadening of the country's economic base. CVG sources quickly point to a planned joint venture with the Southwest Co. of the U.S. for a 50,000-ton aluminium wire and cable plant as typical of the projects that should spin off from the basic investment. Nevertheless, much greater initiative and imagination will be required from Venezuela's private sector if the Government's efforts are not merely to produce export-revenue and are to generate genuine industrial growth. And without this growth, the Government cannot hope to see its enormous investments making a long-term impact on the country's chronic problem of unemployment.

A. R.

## Aluminium

CONTINUED FROM PREVIOUS PAGE

its own alumina plant but also to consider developing its own low quality bauxite resources in the eastern Guayana province. Yet the Government faces something of a dilemma because, while it dare not risk being without supplies of bauxite and alumina, it is also aware of the vital role that bauxite plays in the economies of many of the Caribbean nations with which Caracas is seeking closer relations.

In brief, these countries—Jamaica, Guyana and Surinam—see Venezuela as the natural market for their bauxite and alumina, yet Venezuela cannot afford to tie its own development plants to those of poorer and less organised neighbours. For example, for the past two years there have been plans for the establishment of an alumina plant in Jamaica which would

be 51 per cent.-owned by the Jamaican Government, 28 per cent. by the Mexican Government, 10 per cent. by the Venezuelan Government, and 10 per cent. by Kaiser of the U.S., but so far no final decision has been taken to go ahead with the project. In a political rather than economic gesture, the Venezuelan Government has signed a Letter of Intent that, if the project is carried out, it will supply 10 per cent. of the capital and will buy 200,000 tons of alumina a year, even though its own alumina needs will be met by the satisfied by the Mexican Government and Alumina del Caribe.

CVG sources explained that the main reason that Venezuela's bauxite reserves were not being developed was also political. "We are surrounded by bauxite producers who would consider it an affront if we no longer bought their product,"

the sources said. For different reasons—Surinam, on achieving independence, and Jamaica and Guyana, on assuming greater control over their industries—these neighbours are doubly anxious to find new markets for their bauxite and to reduce their dependence on the U.S. market.

### Reserves

Nevertheless, exploration for high quality bauxite continues in Venezuela while tests of the viability of using the current low-quality deposits are being carried out. "We think that the present reserves could be economically used for alumina because we have the advantage of ample supplies of cheap electricity from the Guri dam," one CVG source said. "At present we are acting on the

A. R.

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República de Venezuela

Ministerio de Obras Públicas

DIRECCION GENERAL DE VIALIDAD

OFICINA MINISTERIAL DEL TRANSPORTE

## THE CARACAS METRO

### INTERNATIONAL BID

NOTICE IS HEREBY GIVEN THAT THE MINISTRY OF PUBLIC WORKS OF VENEZUELA WILL RECEIVE APPLICATIONS FOR PREQUALIFICATION FROM INTERESTED NATIONAL AND INTERNATIONAL CONTRACTORS FOR THE CONSTRUCTION OF THE WORKS DESCRIBED HEREIN. THE WORKS TO BE CONTRACTED FORM PART OF THE PROPATRIA - LA HOYADA STAGE OF THE CARACAS RAPID TRANSIT SYSTEM (METRO).

L-75-OMT-5 SECTION CS805. CIVIL WORKS PARQUE EL CALVARIO - LA HOYADA

Section CS805 covers the construction of 1310 meters of subway structure; the construction of 50 meters of at-grade structure between Parque El Calvario and the La Hoyada Station; the relocation of a creek; and the construction of two stations: El Silencio and La Hoyada. Breakdown of subsections is as follows: 50 meters of at-grade line; 64 meters of arch tunnel to be excavated in rock, with cast-in-place concrete lining; 323 meters of cut-and-cover twin cell; 174 meters long El Silencio Station, and 177 meters long La Hoyada Station, both with side platforms and underground mezzanines; 570 meters of softground excavated two-way single tunnel horse-shoe section, including partially pre-cast and partially cast in place concrete lining; relocation of 130 meters of Los

Padrones Creek; installation of some minor mechanical equipment.

Main construction items of entire section are:	M <sup>3</sup>	M <sup>2</sup>	M
a) Supported cut-and-cover excavation	221,700		
b) Excavation for trackway and pavement	1,000		
c) Miscellaneous backfilling	55,100		
d) Earth hauling	3,531,200		
e) Concrete structures	58,695		
f) Reinforcement steel	7,025		
g) Rock excavated two-way single tunnel horse-shoe section of approximately 10 m x 6.30 m, including concrete lining cast in place			64
h) Soft ground excavated two-way single tunnel horse-shoe section of approximately 10 m x 6.30 m, including concrete lining partially pre-cast and partially cast in place			571

#### SUBMITTAL OF DOCUMENTS

Prequalification documents will be submitted by hand to the Bidding Committee, Ministry of Public Works, Edificio Camejo, Library, Esquina de Camejo, Mezzanine, Caracas, Venezuela on December 16, 1975 at 10:00 a.m.

The Ministry of Public Works reserves the right to prequalify those prospective contractors who will be invited to present final proposals in accordance with MOP Norms for Bidding and Contracting Works for the Caracas Metro; and the Bidding Committee Report.

#### ADDITIONAL INFORMATION

Additional information on the prequalification procedures and on the importance and characteristics of the projects for which bids will be eventually submitted, can be obtained from the Oficina Ministerial del Transporte.

#### PREQUALIFICATION DOCUMENTS TO BE SUBMITTED

Prequalification documents will be drawn-up in accordance with the Norms for Bidding and Contracting Works for the Caracas Metro contained in Resolution No. 29 of the Ministry of Public Works dated May 19, 1971 and published in the Gaceta Oficial (Official Gazette) No. 29,514 of May 21, 1971.

Interested firms and companies must submit in public to the Bidding Commission a written notification on officially stamped paper (Bs. 0.50), or on a firm's own paper with a stamp affixed (Bs. 1.00), stating their desire to participate in the bidding process for one or more of the sections mentioned above. This notification must be accompanied with the following documents:

- For Domestic Firms:
  - Valid income-tax clearance statement (Solvenencia).
  - Certificate of registration in the Registry of Building Contractors issued by the "Sección de Licitaciones de Registro de Empresas", of the División de Licitaciones y Contratos of the Dirección de Finanzas del Ministerio de Obras Públicas.
- For Foreign Firms:
  - Letter stating desire to participate in the bidding process signed by the firm's legal representative.
  - Certificate of incorporation and by-laws of the firm, or

- certified copies of these.
- Publicly notarized document issued by the firm, valid in Venezuela, that authorizes the person or persons that can sign on its behalf; or Power of Attorney, whichever is the case.
- General balance sheet for last fiscal year.
- Trial balance, showing debtors, creditors, fixed assets, investments, shares, and participation in other companies, profit and loss statement, etc.
- Commercial, financial and bank references.
- List of technical personnel indicating the specialization of each.
- List of major similar-type projects, contracted, executed, or in construction for the public or private sector. Indicate the approximate percentage of work completed to date of projects mentioned in construction.
- Accredited documents indicating the firm's satisfactory completion of projects of a similar type and scale to the projects for bidding. Whenever possible these projects should be described and the level of responsibility that the firm had in their execution should be indicated.
- Tax clearance certificate issued by the Administración General del Impuesto sobre la Renta of the Ministerio de Hacienda of the Republic of Venezuela.
- Whatever other information that the firm considers relevant.

#### 3. For Consortiums:

- The consortiums interested in bidding will:
- Indicate the name of the firm that will represent the Consortium.
- Present the documents of each one of the member firms of the consortium that wishes to participate in the bidding procedure.
- A document which establishes the joint responsibility of the firms that comprise the Consortium and which commits these firms to integrate as an entity in accordance with Venezuelan laws in the case that they qualify for the bidding stage.

Note: All the above-mentioned documents will be presented in Spanish, duly legalized by local Venezuelan consulates.



## VENEZUELA XIV

At a time when it is estimated that the high-grade iron ore deposits in the south-east of Venezuela are capable of profitable exploitation for several hundred years the major mining companies have just been nationalised. The country also has reserves of coal, diamonds and gold.

## Mining potential

NATIONALISATION IS getting Steel, were taken over by the Government's super-development agency, the Venezuelan oil companies; last year it was the iron ore companies. The two concerns, which last year mined 26.4m. tonnes of iron ore, were compensated with \$101m. in Government bonds, redeemable over a ten year period. Total investment made by the firms was reported to have been around \$380m. Under the nationalisation agreement, executives of the two foreign concerns agreed to manage the companies until December 31, and will continue to provide technical assistance after that date.

The country's first exercise in nationalisation was effected with no hysteresis, no troops, no expropriations or threats of reprisals. The companies, of Steel, and Iron Mines of Venezuela, owned by Bethlehem

the Government's decision and had expected to stay in Venezuela until at least the year 2000, when their mining concessions expired. The high-grade iron ore deposits found in south-eastern Venezuela can be profitably exploited for several hundred years, it has been estimated.

Months of negotiations were held between Government representatives and the mining firms, and the companies were paid compensation according to the net book value of their holdings. Moreover, the parent operations in the U.S. will continue to receive regular ore shipments until the end of the decade. After that, Venezuela expects that its own steel plants will be able to absorb much of the iron ore now shipped abroad. Steel output will be raised to over 5m. tonnes annually by around 1980 and the Government plans stepping up production to 15m. tonnes by 1985.

same period.

Iron ore shipments for the first six months of 1975 were dispatched to the following countries: United States (6.3m. tonnes); the U.K. (1.2m.); West Germany (1.1m.); Italy (1.0m.); Spain (\$26,000); Holland (\$36,000); Belgium (\$12,000); France (\$161,000); Czechoslovakia (\$8,000) and Poland (\$70,000).

Despite the decrease in European demand for Venezuelan iron ore, the Government expects production this year to be about the same or somewhat lower than 1974. Venezuela, the second largest iron ore producer in Latin America after Brazil, has mined over 353m. tonnes of ore since large-scale commercial production began in 1950.

Venezuela is now moving actively to develop part of its coal reserves in order to process coke for its burgeoning steel industry and to provide a cheap alternative energy source. The largest national reserves, in Zulia State, are estimated to reach around 900m. tons, but a thorough evaluation of the area has not yet been made.

## Peak

Venezuelan iron mines last year reached a production peak of 26.4m. tonnes, 14.3 per cent higher than 1973 output, and exports of 25.9m. tonnes brought the national Treasury \$233m., the second most important source of export revenue after petroleum.

The Government reports that iron ore exports for the first six months of 1975 were down 7.4 per cent from 1974 as a result of falling demand on the European market. Statistics from the Ministry of Mines and Hydrocarbons indicate that Venezuela exported over 11m. tonnes of ore during January to June, about 880,000 tons down on last year's output for the

thorough evaluation of the area has not yet been made. The coal deposits now receiving Government attention, though, are the Narical mines in eastern Venezuela. These deposits, which have been worked since the 18th century, will receive Government investment totalling \$104m. in order to boost coal production to 1m. tonnes per year and construct a plant that will process 350,000 tons of coke annually in its first stage of operation. Eventually, the Government intends to produce 500,000 tons of coke per year from the Narical facility, which lies near the coastal city of Barcelona.

Coke would be sent to government steel plants to the south in Guayana and coal may be supplied to Government electrical generating facilities nearby, pending further study. Venezuelan coal production for the first half of 1975 reached 31,529 tonnes, an increment of 10.6 per cent over last year. Development of the Narical mines will be carried out by the State-owned company, Camina (C.A. Minas de Narical). The Government plans to begin exploiting coal deposits in Zulia State, the country's biggest oil producing region, by 1978.

## Selection

A regional development organisation for Zulia, called Corporelia, has already contracted the German firm of Eisenbau Essen to provide technical assistance in selection of mining areas, estimating reserves, physical and chemical analyses of different types of coal, preparation for actual mining activities and training of personnel.

Although Venezuela's total coal reserves are tiny in comparison to the annual output of the Soviet Union (700m. tons) or the U.S. (500m. tons), the Government is nonetheless eager to develop domestic sources of coke in order to diminish the country's dependence on external supplies.

Diamond production slid downward by over 7 per cent in the first half of 1975, the Mines and Hydrocarbons Ministry reported. Production for this period totalled 688,239 carats, compared with 740,956 carats during the same period of last year.

Last year Venezuelan miners dug out 1,349,000 carats, about 86 per cent of the production coming from Guayana region. The Guayana and Hydrocarbons Ministry, however, that since individual miners are in search for diamonds, accurate reporting of their activities is difficult.

During 1974, the Government's Diamond Development Fund granted loans amounting to \$41,000 and received payments of \$3,800 on loans to diamond miners. The Government did not make any loans in the second half of the year, ever, because the Government decided to review its diamond production.

Gold production in the half of the current year was 13.4 per cent over 1974 reached 297,208 grams. Government last year bought the German gold firm called Minervan operated in El Callao an drawn up plans for investment in the facility in order to build a treatment plant capable of processing 700 tonnes of bearing quartz per day. The plant is expected to be in operation by 1977, according to Government. In addition State-controlled Gold Development Fund gave small miners loans totalling \$11 last year. Studies by Government agencies continue deposits of zinc, copper, and silver that lie in the of Merida, as well as phosphate bed in Falcon; and talc and titanium deposits in Yaracuy State.

The Government has designed an ambitious network of railways and roads to support the country's industrial and agricultural expansion. The present transport policy is concentrating on ways of moving cargo rather than on facilities for passengers.

## Road and rail

THE DIMENSION of the ways of moving cargo—industrial or agricultural—rather than people.

Perhaps the most ambitious plan is to build an entire railway system from scratch in three stages over the next 15 years at an estimated cost of \$2,300m. The routes have been chosen on the basis of industrial rather than human needs, although the lines are to be built to accommodate high-speed passenger trains at some unspecified time in the future.

The key to the anticipated development is internal growth, not only the idea of transforming the country's own natural resources rather than just shipping out raw materials, but also the thrust south, east and west into the provinces, away from Caracas and the coast where Miami often seems closer than a farm one-tenth of the distance away.

To support this industrial and agricultural expansion, then, the Government has designed an ambitious network of railways and roads that will act as economic veins linking the new growth areas to the old as well as to each other. "Without exaggerating unnecessarily," President Pérez told Congress in March this year, "we are limiting the construction of ornamental and luxurious infrastructures and channelling our energies and resources into rural roads and other productive infrastructures." Stated differently, the priority is to find new

ways of moving cargo—industrial or agricultural—rather than people. Perhaps the most ambitious plan is to build an entire railway system from scratch in three stages over the next 15 years at an estimated cost of \$2,300m. The routes have been chosen on the basis of industrial rather than human needs, although the lines are to be built to accommodate high-speed passenger trains at some unspecified time in the future.

Stage One, between 1976 and 1980, will provide the main artery linking the new industrial centre of Ciudad Guayana in the east with the northern and western cities, though intentionally avoiding Caracas One encouraging sign is to avoid further congesting the capital with freight. These lines will facilitate the distribution of the country's steel and aluminium production in Ciudad Guayana and encourage the growth of related medium-sized industries in other regions.

A total of 1,262kms. will be built by 1980 at a cost of \$514.4m, with a further \$154.6m. to be spent on rolling stock. The line will begin in Ciudad Guayana, go west to Ciudad Bolívar, where it will cross the Orinoco River, and then north-west to El Tigre. At El Tigre, one line will continue north to Anaco, Barcelona and Puerto La Cruz, while another line will

go due west across the Plains, linking Valle de Pascua, San Juan de los Morros, San Carlos, Acarigua (where branch line will join the Pi Cabello-Barquisimeto to Guanare and, finally, Barquisimeto. British Rail and its consortium company, Transmark, interested in participating in the project and, following visit here last June by Richard Marsh, chairman British Rail, a bid has been made for the 620km. line between Ciudad Guayana and San Juan de los Morros.

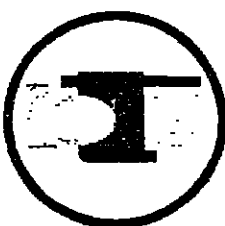
Stage Two, a 1,010km. line, is due to be completed by 1985 at a construction cost of \$316.5m. and an equipment cost of \$116.2m. This will involve three new lines: a west from Barinas to Antonio de Caparo and south to Orope; and a north from San Juan de los Morros to Fernando de Apure; and from Anaco to Maturín.

Stage Three, which is very much at the idea stage since it is a decade (and

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## VENEZUELA XV

Caracas is the home of a flourishing art market. European and North American dealers are showing increasing interest in the area and Venezuela's own artists are commanding higher and higher prices for their work.

# The arts

SUAL observers attend of the numerous open-air take place fort in the museums and galleries of Caracas: the scene is not only hectic. Scores of artists motor to and from the galleries spaced out in the city to catch brief shows which might be of antique glass to pottery, from the ism of Matta to the of Jesus Rafael Soto. city of taste prevails; the shows are always on Sunday. At the red dots—signifying—and you realise that the market is alive and well in Caracas. Buying is not so feverish that if business and the making of fortunes. At least two new generations of professionals with any amateurs do—or be involved in the sale of dy else's. This is the behind the outward multi-ment of an increasing r of dealers from abroad, directly or through local

### ease

After the Government Pérez was installed pths ago, and partly be of the increase in the of oil, work seemed to go at the streets of the city paved with petrodollars. an and North American s began dying in regu to offer collectors their st works. "Collecting," aber was quoted as stat- is for nouveau riches... here are no nouveaux in Europe now. ropologists have always sted Venezuela as a geographical and cul-

tural crossroads, from pre-hispanic days to the present. Latin American artists have long considered Caracas an important audience for their work and are now more than ever eager to book exhibitions in what may turn out to be a profitable stopover on the way to and from Europe and New York. The city, moreover, has an impressive background as a showplace for the works of major modern artists. The sales, the shows, the auctions, the very good art and the mediocre, all add up to the sophisticated pace of the city's art scene.

But the boom in the art market is only a natural note in the national preoccupation with business and the making of fortunes. At least two new generations of professionals with any amateurs do—or be involved in the sale of dy else's. This is the behind the outward multi-ment of an increasing r of dealers from abroad, directly or through local

scholarships for study and work in Europe. But tuberculosis sent them to an early grave and their work was undeveloped. For years before the creation in 1938 of the Museum, their huge paintings (in the tradition of the Academy) were circulated from one Ministry to another. They are now considered national treasures and sought out by collectors.

### Eccentric

Armando Reverón, the most remarkable Venezuelan painter of the first half of this century, an eccentric who withdrew from society and buried himself in a wilderness of his own making, died in poverty in an asylum in 1954, with little recognition. Twenty years later, his works command up to 100,000 bolivars and are in great demand.

But all of this has changed or seems to be changing. Outstanding contemporary artists—such as Soto, Alejandro Otero, Carlos Cruz-Diez and Hector Poleo—have survived not only their early difficult years in Paris and their prolonged exile, but have won international recognition. The sale of their works, first abroad and now in Caracas, has made rich men of at least two of them.

Success at home has in many cases slowed down the emigration of artists to Europe which had been the tradition for generations since the 18th century. Many have now returned permanently. They have opened studios in order to handle the many commissions for public sites and monuments which the local government is anxious to stimulate in support of the arts.

modern movements. Venezuela probably has more outstanding private collections than any other country in Latin America. One observer has pointed out that when collecting was the hobby of a handful, standards were extremely high. Now that the number of collectors seems to be widening remarkably, the average appears to be less exacting. For years these works were shown regularly and were vital to the education of the public.

In the early fifties, the construction of the University City of Caracas, designed by Villanueva, was also vital in introducing modern art on an urban scale. Villanueva, moreover, carried out one of the most ambitious syntheses of art and architecture in the world. Next to great works by Calder, Leger, Arp, Pevsner, Vasarely, Laurens and others, he commissioned murals, colour sequences and sculpture from the most prominent contemporary artists in Venezuela. Unfortunately, these works have suffered greatly from student vandalism.

But good fortune does not smile upon all art enterprises in Venezuela and not all cultural ventures prosper. Behind the thriving business (estimated annual sales for a top gallery can run from 1m. to 3m. bolivars) and the steady rise in prices for local art, there is the pinched face of underprivileged institutions which are notoriously understaffed and inadequately funded by an obviously rich State.

### Dishonour

Ten years after being decreed in an outburst of cultural euphoria, the National Institute of Culture and Fine Arts (INCIBA), an autonomous Government institute, was practically declared a national dishonour. Optimists argued that the inadequacy of the budget in the face of the overwhelming cultural needs, caused its breakdown and bankruptcy. It has now been replaced by the National Council of the Arts (Conaarte). This new cultural legislation was a year in preparation and while in Congress was attacked by private television and radio concerns who accused it of complicated schemes in order to control freedom of the Press and speech.

Aside from overcoming this early animosity, which generated unnecessary illwill, the Council's directors will have to put any of its programmes into action. They are (1) how to rid the Council of the inefficient bureaucracy which it inherited from the old structure; (2) obtain the necessary funds, in proportion to the nation's incomes and cultural needs; (3) train people who will be capable of carrying out the programmes.

Artists from the newer generations, who are not at all interested in following in the footsteps of the Soto and Otero generations, receive little or no sponsorship. The art schools are practically non-existent, even physically, and young talents are frequent "drop-outs" from what they consider inadequate centres. But the saddest story concerns the Museo de Bellas Artes. Considered exemplary in Latin America, the museum struggled for years to get

Government approval for erecting a new wing, designed, as was the old neo-classical building, by Villanueva. The promise of donation of a highly important private collection gave the museum one more argument with which to convince the State about initiating the construction, in a kind of grand-scale matching fund between the State and private individuals.

The new wing was "pre-inaugurated" in December, 1973, though it was still unfinished. Two years later the are plans underway to seek priority for a new museum pro-



The new block at the Museum of Fine Arts in Caracas.

the handsome, six-storey building from being opened to the public. Meanwhile, the collectors have withdrawn their offer. A recent development complicated matters even more. There are plans underway to seek priority for a new museum project, the Gallery of National Art, in step with the winds of nationalism, and to divide the Museo de Bellas Artes, both physically and in its collections. Where these nationalistic winds will sweep the cultural life of the city makes for

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ustrations) away, would e construction of a further 18,420km. have a hard r 1,182km. of lines link towns and cities of the State of Zulia around Maracaibo and north to minisula of Paraguaná and ity of Punto Fijo. The sted cost of this stage is m. in construction and in rolling stock. Government's roadng programme, on the hand, has an entirely ent emphasis, seeking to agricultural areas and towns to the existing road n rather than building multi-lane highways. In ce, in fact, some new rays will be built, such as 400km. road from the al town of El Palito west arora. But while in the such a road would almost ootically have at least four , for the moment at least, l have only two. The pro- ix-lane highway from e to Guatire, on the other , is justified as part of the nary extension of the city aracas.

e change in the traditional policy, however, can be llustrated by official es showing that, of 8km. of planned roads, km will be rural access s and only 3,125km. will be roads or highways. Of the ing 41,279km. of roads, of big r-users.

19,170km. are asphalted and a further 18,420km. have a hard r 1,182km. of lines link towns and cities of the State of Zulia around Maracaibo and north to minisula of Paraguaná and ity of Punto Fijo. The sted cost of this stage is m. in construction and in rolling stock.

As in many Latin American countries, one of the main obstacles to agricultural development in Venezuela is the difficulty peasants and farmers have in marketing their products in the principal population centres. In some areas, for example, peasants merely grow enough food for their subsistence since they are several days' walking distance from the nearest market. For the Government, the programme of rural roads has multiple aims: it should increase total agricultural production and result in a reduction of food imports; it should raise the standard of living of the rural population, which is about 30 per cent. of Venezuela's 12m. inhabitants; and it should discourage migration to urban areas by making farm life viable.

Compared with the railway project, this is of course pointedly undramatic. But Venezuela already possesses a "dramatic" highway system, and the time has come to build roads that serve the country's economic needs rather than just the tastes of big r-users.

During what some refer to as the "barro" years of Venezuelan painting—the fifties and early sixties—when it was difficult to sell even the most presently sought-out painters, when Government support to help send Soto to the Sao Paulo Biennial was stalled and finally turned down, art was exhibited, collected, and backed up by the Art Museo de Bellas Artes, meagrely funded by the Government since its creation: the art gallery of the Fundación Mendoza, a privately sponsored cultural endeavour that will turn 20 next year; a handful of art patrons and collectors; and by generous coverage from the Press.

Curiously enough, private collecting antedates even the creation of the museum. In the 1920s, Manuel Cabré, the well-known painter of Caracas landscapes, prompted one patron to assemble works by Impressionists and post-Impressionists. Though the collection was later sold abroad—because the Government did not or would not consider acquiring it—exposure to these works of artists and intellectuals was an important source of education for two or three generations.

Other major collections were formed during the succeeding decades, covering the principal

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## VENEZUELA XVI

Venezuela's rapid development depends to a large extent  
on filling gaps in the labour force. There is a desperate shortage  
of skilled workers and of graduates, particularly engineers. Training programmes are  
being expanded and students are being sent to universities and  
technical centres in other countries.

# Training for new skills

"THE GREATEST challenge from a small, under-developed country with a lot of money in the bank into an economically sound and socially balanced nation. Venezuela has more funds available to spend on development programmes than any other country in Latin America or the Caribbean. Petroleum income over the past two years has given it international monetary reserves that were, at the end of 1974, just \$600m. manipulated successfully if Venezuela is to be transformed with luck, the country should

continue to earn substantial sums of petrodollars in the years to come. All of this, however, will mean little if the Government cannot translate prodigious amounts of capital into real benefits for the nation's 12.5m. people. The administration of President Carlos Andres Perez has designed the most grandiose plans for social and economic development in the republic's 154 years of independent existence.

Blueprints for industrial and commercial growth over the next four years have been drawn up and some aspects have already been put into motion. The State, as the grand architect and financier of Venezuelan development, plans to spend billions of dollars on a broad range of programmes that will create the need for an army of new workers, the great majority of them skilled. Estimating the precise number of jobs that will be generated is an exercise in divination, but the scope of a few Government programmes will provide a general idea.

In the country's south-east Guayana region, for example, Government outlays directed at expanding steel and aluminium production are expected to result in 28,000 new factory jobs and an equal number in associated service industries over the next two years. Government economists, predicting double-digit growth rates in manufacturing, say that this sector will generate 30,000 to 40,000 new jobs per year, while similar expansion in construction, electrical power, water, banking, commerce and other services should provide thousands more.

State plans for development of the Venezuelan automobile and petrochemical industries, in line with Andean Pact guidelines, call for over 50,000 new jobs directly within these areas during 1980-85, and a considerably larger number as a result of the multiplier effect. The giant Venezuelan petroleum industry, now the responsibility of the Government has seen its workforce decrease from the peak of 45,800 in 1957 to about 23,000. Although oil is the country's biggest source of income, it is a highly capital-intensive industry and will probably continue to be so in the future. However, the average age of the petroleum industry worker is 41 and the country must be able to supply new, highly-qualified technical employees as vacancies occur.

Government estimates say that the nationalised industry will need about 3,200 university graduates over the next five years, most of them engineers in a broad range of specialties. Another important area which will provide job opportunities is the Public Works Ministry, the biggest employer in the government. This ministry alone created some 370,000 posts between 1960 and 1973, and is now actively seeking engineers from other Latin American countries in order to carry out its broad range of construction activities.

Nearly all of these job-producing areas will demand employees with considerable skills, and the country is already short of the qualified personnel it needs. Local universities turn out only a handful of petroleum engineers, other types of engineers and technicians are in short supply and experienced middle and upper level management personnel often command astronomical salaries since there are never enough to satisfy the executive market.

Shipbuilding The Government has stated that it intends to develop a domestic shipbuilding industry, yet the country at present has less than a dozen naval architects and engineers. Although the Government has increased spending for specialised training schools and public education at all levels, State planners understand that domestic facilities simply cannot produce the quantity and quality of skilled personnel entailed in its development scheme.

In many important learning areas, specialised education and advanced training do not exist in Venezuela. While the automobile industry, banking and insurance firms have traditionally developed their own training programmes, most other sectors of commerce and industry have no such facilities. Furthermore, Venezuelan universities generally do not offer undergraduate and graduate level courses in a number of specialised subjects. If these courses are available, their annual turn-out of professionals is far below the country's requirements. In view of this predicament, the government is seeking to enlarge its pool of specialised talent in two ways: importing trained technicians and administrators from abroad and sending Venezuelan students to universities and technical centres in other countries.

Importing educated and experienced personnel will be done through a new programme now being elaborated by the State Planning Ministry under Sr. Gumersindo Rodriguez, one of the President's chief advisors. The programme would involve bringing thousands of skilled European emigrants to Venezuela over the next few years in conjunction with the Inter-governmental Commission on European Migrations, an organisation which aids European immigrants to find jobs in other countries. Immigrants are expected to come from a number of countries, but especially from Portugal, Italy, Spain, Latin America and Portuguese Angola. The plan would also seek qualified personnel in the United States.

jobs. A person who works only a few hours a month would be considered a member of the "employed" classification, but country can move a few would say that he earned Government official said a living wage.

Since taking office in March, 1974, the Perez Administration has approved several measures directed at improving wages for lower income groups and increasing the workforce, but these actions have drawn heavy fire from the private sector. Last year, the President decreed a minimum wage of \$3.49 per workday, the first time that a wage floor had been introduced on a nationwide scale. At the same time, he ordered an across-the-board wage increase varying from 5 to 25 per cent for all employees earning less than \$1,160 per month.

Seeking to create large numbers of jobs quickly, other Presidential decrees ordered that all rest rooms in public buildings be manned by permanent attendants and that all elevators in commercial establishments be supplied with operators, even if automatic systems were in operation. Furthermore, in an attempt to create some 100,000 jobs on a broad scale, President Perez this year announced Decree 877, which would require all commercial enterprises with ten or more employees to increase their personnel by 5 per cent as of May, 1975.

Businessmen reacted indignantly to these measures, asserting that wage increases would only accelerate the pace of inflation and that "artificial employment" would only serve to damage productivity, raise costs still further and dampen economic growth. Other Presidential decrees last year placed a 90-day freeze on the prices of all goods and services, set permanent controls on the prices of "basic" goods and reformed Venezuelan Labour Law so that firing employees could almost never be done unless the workers received double the amount of accumulated severance pay benefits due from his employer. This sum would be a substantial one for employees with several years of service.

The Government defended its price controls and wage increase order in the light of a 1974 inflation rate that was several times higher than that of preceding years, maintaining that the income groups which could least afford to see their purchasing power eroded were bearing the brunt of new inflationary pressures. Perez Administration officials did, however, concede that new jobs for elevator operators and rest room attendants were only a stop-gap measure, and that long-term productive employment must be created through selective Government and private investment.

But even the employment boom that is expected to occur in several labour-intensive industries over the next few years is itself being retarded by the country's manpower limitations. In Guayana, where thousands of jobs are associated with each step of the development of steel, aluminium, hydroelectric and other State-financed projects, construction companies cannot build the great numbers of housing units which are required because labourers and skilled

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## VENEZUELA XVII

Agriculture, a much neglected sector of the economy, is at long last receiving some serious attention in the form of aid programmes. But there are many problems—not least the climate and the depressed state of rural areas.

## Agriculture

I RECENTLY agriculture seen the idiot child of the

mean economy. Previous found it con- at to sustain part of the ty's petroleum income for a broad range of al products, while ting domestic production teriorate.

when the Perez Admin- n came to power in 1974, country was importing 19 per cent of its food rements, local production fallen below the rate of ation growth and most of ation's farm workers had

ural areas for jobs in the ties. The Perez Govern- expressed its determina- to give agriculture the st priority and to create

self-sufficient agricultural ay, with the long-term of developing export ity.

March next, the Govern- will have been in office

st loans have come from Government's Agricultural

it Fund, set up last year, a has authorised grants of

\$380m. About 75 per cent

is Fund's outlays went to

and stock raisers, and y three-quarters of the

grants were for amounts

of \$116,000.

ofitable

e Government has asserted

it wants agriculture to

me a profitable venture for

nessmen, but up to now has

attempting to spur produc-

through injections of

al while simultaneously try-

to halt rising food prices, a

which cost over \$300m.

in spite of price controls

ducer and consumer levels

he most important agricul-

products, and warnings

businessmen who say that

uction will be held in check

as prices are set arti-

lly, the sector is moving

at a reasonable pace.

annual growth rate of over 10 per cent for the next four years.

Agricultural development from 1969 to 1973 grew along at an average rate of 13 per cent per annum, while the population grew by 3.4 per cent annually.

Crop estimates for 1975 have been quite favourable, despite problems caused by drought, a stubborn corn blight and the general torpidity of the State's agricultural bureaucracy.

President Perez recently announced that this year's harvest would produce the following figures:

maize (May to December) 690,000 tonnes (32 per cent above last year's production); yuca 340,000 tonnes (up 41 per cent); potatoes 160,000 tonnes (up 5 per cent); black beans 26,000 tonnes (up 26 per cent); sorghum 84,000 tonnes (up 147 per cent); rice 370,000 tonnes (up 25 per cent); cotton 108,000 tonnes (up 42 per cent);

peanuts 28,000 tonnes (same as 1974 but 211 per cent better than 1973 output); coffee 93,000 tonnes (up 26 per cent); cocoa 20,000 tonnes (up 16 per cent).

The 1975 harvest figures are all the more positive in the light of last year's overall production, which was significantly higher than that of 1973.

Despite the auspicious trend, though, the Government is still obliged to import a considerable amount of foodstuffs, including beans and oil-producing seeds (which play an important role in the Venezuelan diet), and smaller quantities of onions, tomatoes, peppers, garlic, peas and corn.

In addition, almost all of the country's domestic wheat requirement of 740,000 tons per year is imported since only some 700 tons are grown here.

The Government recently sliced \$35m. from the annual \$114m. wheat subsidy in an attempt to discourage imports and to convince Venezuelans that home-grown maize flour is equally good for their children and the country's balance of payments.

Some 200 farmers recently met President Perez for two days and complained bitterly about various aspects of the Government farm programme.

They warned that production will never reach projected goals as long as guaranteed prices are held back to unprofitably low levels while the cost of farm implements simultaneously continues to rise.

(Tractors alone have gone up by 300 per cent in price over the past few years).

President Perez responded by raising minimum prices to producers by about \$23 per ton for maize, sorghum and oilseeds, all of which are important domestic products that must still be imported.

He also rolled back prices of farm tractors to an average of 30 per cent, and told farmers that reforming Venezuelan agriculture would

be much more difficult than even he had imagined.

If farming is truly to become a profitable enterprise for most of the businessmen involved, as the Government hopes, higher food prices at all levels are inevitable.

Members of the Perez Administration have stressed that rural producers should not be forced to subsidise urban consumers by receiving low prices for their goods, but Government planners are fearful of the political consequences of still higher food prices.

Practically no one in Venezuela doubts that the Government is sincere in its desire to see agriculture become a profitable and productive industry, but a number of agricultural experts and businessmen say that official policy is seriously deficient in some key areas.

Agrarian reform, for example, has already claimed about 267,000 hectares of land for small farmer and co-operatives. The goal by 1979 is to incorporate 900,000 hectares into reform programmes.

Critics claim that much of the land being absorbed by the Government is productive farmland already in the hands of experienced growers.

Smaller

Agrarian reform will divide this land into smaller, less efficient plots, they say, turning it over to small farmers and thus eliminating part of the country's productive capacity.

Only about 5 per cent of Venezuela's arable land is now being used, and three-quarters of that is devoted to pasture.

Other observers say that unscrupulous landowners often make a killing on plots sold to the Government, that well-heeled farmers are illegally using agrarian reform land and that many of the small farmers who eventually receive a plot sell the fertiliser and seeds they receive from the Government to big growers and live off the profit.

While the Government is attempting to irrigate 200,000 additional hectares by 1979, agricultural analysts say that less than 30 per cent of the installed systems are now being used.

Shortages of seeds, fertilisers and farm equipment have not been overcome and seeds sometimes reach farmers long after planting time.

The State-owned petrochemical company has a monopoly on producing and importing fertilisers, yet it can only manufacture less than a third of the 570,000 tons needed every year.

While the Government tries to fill the gap with imports, large quantities of fertilisers are brought from Colombia illegally.

Farm hands are in perpetually short supply and most investment in agriculture is directed at forming a capital-intensive industry.

Many rural areas lack decent housing, electricity or running water and the \$3.49 minimum daily wage decreed last year has done little to convince people to move back to the country.

Over the last few decades hundreds of thousands of rural workers moved their families to the large cities, where unskilled jobs in construction and other industries were available.

The high-level interest in promoting agriculture is generally transformed to apathy by the time programmes drafted in Caracas filter through the Government bureaucracy to local officials in a small town.

Government projects are frequently models of disjointed organisation since they involve two or more of the half-dozen official agencies that are expected to co-ordinate their energies.

This invariably results in time-consuming delays and costly duplication of efforts.

Rene Dumont, the French agricultural expert, studied Venezuelan agriculture earlier this year and concluded that the Government's plans for an annual rate of more than 10 per cent "were completely out of reach."

He also said that food prices must be allowed to rise and that little of the Government's investment in agriculture had in the past reached rural areas.

"Venezuela must give real priority to agricultural development," he warned, "not just a verbal commitment."

Domestic beef consumption in Venezuela reached about 1.4m. head last year, and about 300,000 head were imported to cover the

local deficit. Beef production has been rising over the past two years and experts predict that output for 1975 will be about 2.5 per cent better than last year.

In an attempt to eliminate the regular smuggling of Colombian beef to Venezuela, the two governments last year signed an agreement to bring 135,000 head of beef and breeding cattle to Venezuela for a three-year period.

Venezuelan cattle raisers were particularly interested in enlarging the country's herd of 9.1m. head with the addition of new breeding stock.

Local cattlemen were not happy, however, when the Colombians sent a high percentage of beef cattle and only limited numbers of breeders, which the Venezuelans said were low-quality stock.

Both sides charged that the agreement was being violated by the other party, and the Agriculture Ministers from both countries met in Caracas recently in an attempt to smooth out differences.

Every year hundreds of thousands of Colombian cattle are illegally brought across the border to Venezuela, and cattlemen from the neighbouring country are evidently eager to eliminate a profitable market.

If Colombians send good breeding cattle to Venezuelan farms, the black market demand could dwindle to almost nothing within a few years.

One Government project which has obtained notable success is an ambitious flood control programme being developed in the south-west state of Apure.

Cattle raising, which is the State's most important source of income, has traditionally been retarded by extreme

weather conditions. During the dry season, the Apure savannas are converted into a near-desert by the unrelenting sun.

When the rainy season comes, however, flood waters accumulate, rivers overflow and residents of the area must use boats to move from place to place.

Cattle only have a three-month period during which they have ideal pasture and water conditions.

at one end of the "cell" and when the rains are heavy also allows the "cells" to retain their precious pools of water during the hot months.

The Government is seeking to construct a system of "cells" on about 500,000 hectares in Apure, and up to now public works teams have completed 107 kilometres of dikes in an area covering 55,000 hectares.

Last year, President Perez ordered the expropriation of 1m. hectares of Apure land, part of which is now being used in the water control experiment.

Eventually the Government expects to turn over parts of the improved Apure pastures to local cattlemen.

Clearly, the infusion of new capital has brought a degree of dynamism to Venezuelan agriculture but the most important effects of an agricultural plan of this scope will not be visible until the end of the President's term in 1979 or even later.

One thing is certain, however. The transformation of an entire sector of the Venezuelan economy—as is foreseen in the Government's plans—will be the country's most difficult test over the next few years.

The farmer here has been neglected too long to undergo a swift or painless metamorphosis.

J.A.M.



Typical terrace cultivation in the Andes.

weather conditions.

During the dry season, the Apure savannas are converted into a near-desert by the unrelenting sun.

When the rainy season comes, however, flood waters accumulate, rivers overflow and residents of the area must use boats to move from place to place.

Cattle only have a three-month period during which they have ideal pasture and water conditions.

Effective

However, the Ministry of Public Works has developed a cheap effective system of earthen dikes which control flooding during the wet season and store water for cattle throughout the dry season.

In a pilot project that converted about 3,200 hectares, Government bulldozers fashioned walls along the edges of rivers and main waterways and built a series of low earthen dikes which ran perpendicular to the walls following the course of streams and rivers.

In other walls where rain-water could be trapped within a rectangle of earthen dikes, has a peculiar layer of clay under its topsoil that retains rainwater. This clay, which is the cause of much disastrous flooding throughout the State

would be two or three feet deep

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## VENEZUELA XVIII

Caracas is a place of contrasts. The central area is a modern, prosperous city, but it is ringed by thousands of slum dwellings. Under the direction of Governor Diego Arria, some progress is being made in relieving the situation, but huge problems remain.

## Caracas...

THE CAPITAL of Venezuela is really two distinct cities. It is the city of new office buildings, luxury gift shops, broad expressways, luxurious restaurants and costly imported automobiles.

But for 40 per cent. of Caracas' nearly 3m. residents, the city means the thousands of tin and brick slums that ring the central area, unpaved streets, no sanitary facilities and an alarmingly high crime rate.

The unprecedented flow of petrodollars into Venezuela's national Treasury has not been able to close the gap perceptibly between the highly conspicuous consumers of the capital's middle and upper classes and the haggard urban poverty that is constantly visible on the hills surrounding Caracas.

But Sr. Diego Arria, the energetic Governor of the Federal District, a political division which includes most of the Caracas metropolitan area, has already brought some striking changes to the sprawling capital and is working with the national Government to find solutions to the city's basic problems.

Since taking office 21 months ago, Governor Arria—who was appointed by President Perez and holds Cabinet rank—has inspired a spate of alternations in Caracas' life-style: he has ordered new parks to be built, has closed off a number of downtown streets to traffic, hired painters to hide urban ugliness and old political slogans with attractive designs, generally has cleaned up the city and has sought to control the capital's chaotic traffic situation.

## Different

The central city is noticeably different from what it was before Governor Arria took over, but the problems he faces are gargantuan. The approximately 180,000 slum dwellings that ring Caracas—called "ranchos" by Venezuelans—lack fundamental services such as transportation, running water, sewers and police protection. In conjunction with the national Government and the neighbouring State of Miranda, the Federal District Governor is financing the construction of basic public works in poor neighbourhoods. These areas often have electric power but little else.

In addition, the Government has set up a network of local health centres and popular markets where poor Venezuelans can buy basic foodstuffs at subsidised prices, and has beefed up police patrols in areas where residents have been at the mercy of criminals. Local thugs in many parts of the city, for

example, made a handsome profit by charging "tolls" for safe passage: if a slum dweller wanted to walk through a certain part of his "barrio" (neighbourhood), he or she would have to pay the toll.

The accumulation of garbage on the hills surrounding Caracas has presented a serious health problem, complicated by the fact that narrow alleyways and steep ascents would not permit the entry of garbage trucks and normal sanitation teams. At first, the Governor sent out teams of individual garbage collectors to pick up what they could, but soon found that this would not solve the problem. Now the Federal District offers to buy garbage from slum residents who ordinarily throw refuse out of the window and allow it to accumulate on the sides of the city's many hills. Sanitation trucks arrive at designated locations and pay local inhabitants about 25 cents (U.S.) for 25 kg of refuse. In addition, the Government has sent in tractors and other heavy equipment to clean out the tons of trash and garbage that has been thrown into ravines.

People living on the hills also face the possibility of death and severe injury when heavy rains wash away homes, and landslides carry away hundreds of shanties every year. Governor Arria's office now evacuates residents of areas that are threatened by land and mud-slides and places them in crowded but safe relocation centres. According to the Governor, last year alone, the local government relocated some 10,000 families, sending some to less populated sectors of the country and seeking to find jobs for as many as possible.

The lure of the city, however, is a central problem. As long as rural dwellers leave their homes to find jobs in the cities—especially Caracas—population pressures will remain severe. The main hope for easing the strain on local authorities will be the national Government's plan for strengthening industry and agriculture in under-populated areas. The Government has committed a significant portion of its new oil revenues to the creation of a self-sufficient agricultural economy. And by making farming and cattle raising more profitable, the Perez Administration hopes both to keep people in rural Venezuela and to draw some of the urban overflow to the country, where there is a serious labour shortage.

More attractive than farm jobs, though, are the industrial positions that are opening up as firms are forced to move from congested metropolitan areas and as new companies establish plants outside the big cities. Although problems of

providing public works, education and other facilities still must be dealt with, the Government has already received a substantial number of applications from industrial concerns who want to open plants outside the major urban areas. The Government is trying to stimulate this kind of urban industrial retreat by offering low-interest loans and tax advantages to businessmen.

## Pressures

Governor Arria pointed out recently that the key to reducing urban pressures will be the Federal Government's rural development programme, the cornerstone of the Administration's national growth scheme. If new jobs and better living conditions are not created to lure people out of the crowded urban centres, he said, cities like Caracas will simply not be able to cope with the problem. "The goal in ten years would be to keep the city's population at its present figure (about 3m.)," the Governor said.

Even in the central parts of Caracas and the more prosperous areas, rapid urban growth has brought about predicaments that are being felt in all large Venezuelan cities. The Federal District Government must cope with both the "ranchos" and the standard requirements of a large, modern metropolis. The city's \$330m. annual budget goes to pay salaries for firemen, policemen, teachers, sanitation men and a host of other public employees that form part of the 40,000-man Government workforce. In addition, the city's 11 public hospitals—which are suffering from serious shortages of trained staff and equipment—

serve not only urban residents but also treat a large percentage of rural Venezuelans who have little or no cheap health care where they live. The Governor estimated that some 80 per cent. of the city hospitals' patients are peasants and people from outside the capital. "We can't afford to advertise when we improve public services," Sr. Arria commented. "Or else more people will try to take advantage of them."

The Governor is not standing still, however, while the capital's headaches mount. In addition to the measures noted earlier, Sr. Arria has undertaken an ambitious programme for improving the general quality of life for Caraqueños—or residents of Caracas. His Government has pulled hundreds of street vendors off the city's principal thoroughfares because of the numerous crimes that occurred near their stalls.

He has opened new public beaches to the thousands of working-class citizens who could not afford the fancy beach clubs near Caracas and who were therefore limited to a few, unattended public bathing areas.

The city's parks and squares become centres of free artistic, dramatic and musical exhibitions sponsored by the Federal District Government. Moreover, the city has supported a wide range of sports activities for both youngsters and adults.

## Activities

And, more important, the city Government has launched a programme aimed at instilling a sense of civic responsibility in residents while at the same time alerting them to the public services and cultural and sports activities that are available.

## Caracas faces an appalling traffic situation.

The city's position in a narrow valley makes road expansion difficult, and the underground railway when it eventually comes into service will provide only a partial solution.

IF DANTE were writing "The Inferno" today, he surely would devote a few lines to the tortured souls of Caracas broiling under a tropical sun while their automobiles are stalled by interminable traffic jams, shrinking before the din of unmuffled motorcycles or inhaling fumes that have induced trees to shed their leaves and have driven most songbirds to safer roosts outside the city.

Transportation in metropolitan Caracas today is often a hellish experience that offers the average citizen a gamut of experiences ranging from mildly offensive to downright intolerable, with the scale definitely tipped toward the latter. Rush-hour traffic jams, buses filled to overflowing, acute shortages of taxis and popular jitneys (called "por puestos" in Venezuela), feckless Government attempts at traffic control, omnipresent clouds of thick diesel smoke, reckless drivers, long waits, frustration... these are unfortunately common experiences in Venezuela's capital.

## Choked

Caracas has a population of nearly 3m. people who every day use public and private transportation to make some 3.65m. in-city trips. Downtown streets and expressways most of the day are choked with cars, trucks, buses and the ever-present motorcycles, and the city's capacity for surface transit has been pushed far beyond its limits.

The Caracas Metro, a billion dollar knight in stainless steel that will ostensibly rescue the capital from its 20th century plight, will not be completed until well into the next decade. Its first link, a 7 km. stretch in the 50 km. line-to-be, is expected to go into service by 1979, but will do little to alleviate overall daily congestion. In the meantime, though, transportation specialists predict that the

situation will become much grimmer before any improvements are felt.

How did Caracas arrive at such a point? In general, the answer lies with the exponential increase in the transport demands of a burgeoning urban population, imposed on a city with streets built for 19th century vehicles. In addition, Caracas suffers from "auto indigestion," brought about by Venezuelans' seemingly insatiable appetite to buy cars.

Transport specialists point to a number of problems that must be confronted:

● Caracas already has far too many vehicles. This becomes patently clear on workdays and holidays, when most of these machines try to squeeze on to the area's 1,240 km. of streets and expressways.

● Despite the fact that there are "too many" buses, trucks and automobiles to move comfortably along the city's main traffic routes during rush hours, there is simultaneously a shortage of buses and jitneys for the majority of working people who ordinarily use public transport. Thousands of weary commuters are compelled to spend long hours queuing up every day to ride buses and jitneys back and forth to work.

● Although Venezuela has constructed one of the finest highway systems in Latin America, the streets in the capital are a confusing mass of unconnected, narrow and roundabout passages. An important artery from the centre of the city called Avenida Libertador, for example, simply comes to an end in a residential district outside the downtown area.

● Erratic law enforcement and a general disrespect for traffic laws combine to create an almost perpetually chaotic situation. Speeding, light-jumping, reckless driving and lane-hopping are common occurrences. And when an accident occurs—no matter how minor—



Rich and poor in Caracas. Above: slum buildings on the outskirts of the city; below, modern buildings in the centre.



"Caracas for Everyone," is the motto that adorns hundreds of new litter containers in the downtown area and the new fleet of ambulances bought by the Government.

The Governor has opened his office to regular audiences with Caracas citizens, who line up from 6 a.m. until early evening to tell the popular official about rude taxi drivers, holes in the street or problems with their children. Often Sr. Arria will pick up one of his half-dozen desk telephones, bark an order to some unseen functionary and tell his visitor that the matter will be attended to.

The 37-year-old Governor, including the governing Accion Democratica Party. The Government party and other groups have charged that Sr. Arria is using the governorship, one of the most desirable political posts, as a stepping stone to an eventual Presidential bid. And he says that he has done little to solve real problems like poverty and unemployment and that his personal appearances in slums and stints with trash removal teams are pure showmanship.

But the Governor is not without his critics. Since he is not a member of any political party, Sr. Arria is considered fair game for all political forces, some of his programme. But

Sr. Arria's close relationship with President Perez and backing he has received the Chief Executive so far kept the ruling party and detractors from sabotaging efforts. The Governor does talk to newsmen about his political aspirations he may but prefers to discuss the work yet to be done. "We been quite successful," Sr. said recently, "and the city situation is concerned." Most students of the capital's

agreement with the Governor's agree. Sr. Arria is often in sharp dis-

J. A.

## and its traffic...



"Interminable traffic jams", a major problem in Caracas.

the cars involved remain precisely where the accident took place until a policeman arrives, thus causing traffic to back up.

● Co-ordination of transportation policy is non-existent, and several Government agencies share some responsibility in the matter, thus producing a tangle of over-lapping authorities. The Communications Ministry, the Federal District (Caracas) Government, and the Ministries of Public Works, Finance and Development, all have some regulatory powers relating to land transport. Often an action taken by one agency goes unnoticed by one or more of the

● Parking space is becoming increasingly scarce, both for autos and delivery trucks, leading routes at random. If it begins to rain or if traffic seems

heavy, drivers stop for a coffee or drive themselves home. The problem has become so serious that even unlicensed taxi drivers are now picking up passengers. The Government finally took a long-delayed step toward easing the capital's transport crisis when President Perez announced last December that the Caracas Metro would be built. The subway, which has been under study for years by the Public Works Ministry, will eventually cover 50 km. within the capital and carry over 2m. persons per day. It is expected to cost over \$1bn.

Bids for the first, 7 km. leg of the Metro are now being evaluated by the Public Works Ministry, but the process of building the surface and sub-

terranean line will be a pain slow one.

Caracas, like large cities in other countries, chose to be predominantly sub-surface, way system in order to cope its surface transit problems. decision on mass transit late, however, since a UN Nations transportation recommended in 1961. Caracas should build a Metro by 1970 at the latest. The Administration had ample time to begin the expensive project at the outset of its term.

But Government leaders off on the decision until late year, asserting that transport problems in other Venezuelan cities must be confronted at the same time and that Caracas not to receive special atten-

CONTINUED ON NEXT PAGE



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# VENEZUELA XIX

Venezuela's educational crisis will require more than just a splash of petrodollars to resolve. The success of the Government's attempts at a "revolution in education" is likely to depend more on political decision than on economic resources.

## Education

IN AN INDIRECT way of 18, it is hardly surprising that as many as 3.5m. people are related to its new economic resources: the country has the money but lacks the people to construct a developed industrial society. The problems of finding qualified personnel are described elsewhere in this Survey, but it is apparent that the country's universities and institutions of higher education must mobilise themselves to provide the scientists, technicians, economists and administrators capable of operating the largely nationalised oil, iron ore, steel, petrochemical and aluminium industries.

Yet the main thrust of the "Revolution in Education" is to provide better education for more children at the pre-school, primary and secondary levels. And to achieve this, the Ministry of Education is not only revising its own teaching methods radically, but it is also having to look beyond the classrooms to the basic socio-economic conditions that often determine a child's performance at school.

In a country where more than 50 per cent. of the 12m. inhabitants are below the age

15,000 classrooms this year—is therefore being complemented by socio-economic assistance through scholarships for primary and secondary schools, discounts for school uniforms and food and milk distribution. The free milk programme now involves more than 500,000 children each day, probably unique in Latin America outside Cuba.

Among the population at large, pre-school education is still almost unknown. The percentage of private education at this age—28.8 per cent. against only 15.9 per cent. for the entire school system—underlines how urban upper and middle-class children have so far been the main beneficiaries of schooling below the age of six.

But by training local women in run day-care centres in towns and villages and urban slums, the Government is hoping to increase the number of pre-school attendants from about 272,000 in-day to 750,000 in 1980. And by using the pre-school period to prepare both child and parents for later schooling, the Government hopes that the drop-out rate from primary and secondary school will fall.

### Problems

The present aim—experimental courses are beginning this year—is that all children should have a minimum of nine years schooling apart from any pre-school experience. In this so-called "basic cycle," the student would attend six years of primary school and three years of secondary school. If he stayed on after that, he would then begin specialising as if he were preparing for "A" Levels in Britain. The fact that only 693,514 children are attending secondary school this year against 2,052,421 in primary schools reflects just how few students are enjoying a continuous period of education.

But the problems faced by these medium educational levels—lack of schools, shortage of qualified teachers, out-dated techniques, inadequate textbooks and insufficient socio-economic support—are not easily resolved by the huge budget of \$1,228m. that the Ministry of Education controls this year. The construction of new schools is the responsibility of the Ministry of Public Works, but even if the financial resources were available, there are simply not enough building companies or material in the country to carry out the massive programme needed. Similarly, at least a decade will be necessary for a generation of qualified teachers to reach many of these schools. The decision to revise the school curricula can be executed more quickly, and already plans are going ahead for the distribution of free textbooks which will reflect the social democratic and Third World orientation of the

current Government more than the conservative texts of the past. For students who have reached the age of 15 and are expected to specialise, the Government is now trying to direct more towards the disciplines that the country will need in the future. Among the educated middle-classes of most Latin American nations, the surplus of lawyers and experts in "social communication," for example, is notorious. This can be seen in Venezuela in the specialisations chosen by secondary students: 70 per cent. choose the arts or science, while only 10.6 per cent. select industrial subjects and just 1.4 per cent. agricultural topics (the balance is taken up in so-called domestic subjects, medicine or "social" communication). Clearly, if Venezuela is eventually to produce the engineers capable of operating its oilfields and iron mines, this breakdown must change dramatically. Sra. Ruth Lerner de Almeida, Vice-Minister of Education, said in an interview that the plan was to have only half the students studying the arts and science and the balance preparing for careers in industry and agriculture. To achieve this, however, proper teaching staffs must be prepared in areas that require several years of preparation.

For the academic year that began on November 3, 254,797 older students entered a total of 13 universities and 31 institutes throughout the country. But a large number of students—more than 13,000, according to some unofficial calculations—were unable to find places even though there are no formal entry examinations and tuition is free. Here is not designed to strengthen again the inevitable time-lag between obtaining financial resources and transforming them into social and economic discrimination. The "Revolution in Education" therefore has the fundamental objective of "democratising" schools and universities here, he said.

This assessment has led to an active debate over the merits of introducing tuition fees at University level. For example, Dr. Rafael Fizazi, former Rector of the Central University of Venezuela (UCV), has argued forcefully that a means test should be applied on the basis of the income tax paid by the parents of the student. Children of wealthy families would therefore be in a position to finance scholarships for poorer students and thus indirectly give all equal access to higher education. At present, the estimated \$2,500 cost per student per year of attending a university is paid by the State, but the additional costs, such as living expenses, textbooks, clothes and travel, must be met by the student.

### Part-time

The search for a solution to the demands for higher education is leading the Government towards studying various formulae of part-time adult education. Britain's Open University is one model being considered, while others would involve self-education centres equipped with closed-circuit television, cassette tape systems and libraries. Many of these experiments are currently being carried out at the Simon Rodriguez University in Caracas, which at present has only about 7,000 students but may eventually produce models of higher education to be adopted throughout the country.

Coinciding with the effort to resolve the quantitative problems of the country's educational system, a debate is taking place over the basic values that this system should be promoting. Even the Minister of Education, Dr. Luis Manuel Penalver, told Congress recently that the present system

J. A. M.

## Traffic

CONTINUED FROM PREVIOUS PAGE

While underground work is going on over the next few years, traffic problems on the surface will be exacerbated since main streets in downtown Caracas will have to be closed temporarily while tunnelling work is under way. As a tunnel is being dug, a street is torn up and covered with a temporary pavement of timbers or metal until subterranean work is completed. Not only is digging required in this type of operation, but work crews must also relocate telephone, electric, water and gas lines located in the area of the tunnel.

At present the Metro is Caracas' long-term answer to traffic congestion. But statistics from the Public Works Ministry indicate that it will be no magic solution: by the time it is completed in the next decade, the subway system will be able to absorb only about 10-15 per cent. of the city's traffic. Caracas highways will still be brimming with private cars, taxis, buses and motorcycles, since the population will have increased by over 1m. according to Government statistics.

In order to meet immediate and short-term transport needs, though, the Federal District Government, under Governor Diego Arria, has turned to conventional methods of increasing the volume and efficiency of surface transit. The main effort has been directed to acquiring almost 2,000 new buses for the capital area, most of them British Leyland buses and Ikarus coaches from Hungary. Governor Arria has also sought to control the traffic flow by hiring more policemen, demanding stricter vigilance of motor vehicle violations, prohibiting parking in downtown areas and setting up special lanes for buses.

The new buses, though, while improving the lot of hundreds of thousands of working Venezuelans, are adding even more vehicles to already heavy downtown traffic. And, in general, a lack of compliance with traffic regulations, outward defiance of norms by some Government vehicles and irregular vigilance by police have mitigated the effect of the new measures.

### Measures

As one Government worker said: "Around here, most people look upon traffic laws as a joke. Behind the wheel of a car, Caracas drivers think that they're a combination of Simon Bolivar (the Venezuelan Liberator) and James Bond."

Government technicians and experts from the private sector have recommended a number of measures to cut down on rush-hour traffic jams. Among them are:

- Eliminating the traditional two to three hour lunch break and instituting a 9 a.m. to 3 p.m. work schedule—or a variant of this—with a half-hour lunch break.
- Rearranging bus routes and schedules; co-ordinating traffic lights.
- Co-ordinating the present overlapping activities of the numerous Government agencies involved in transport and traffic control.
- Making people aware of

traffic laws and demanding strict enforcement. (The Government has already launched a publicity campaign on radio, television and in cinemas where actors stress the importance of obeying traffic laws.)

● Controlling the entry of private cars into downtown areas by raising the cost of centrally located parking lots and taxing vehicles used in the metropolitan area.

Governor Arria believes that the only simple way to keep private cars out of the traffic-choked business district is to raise parking fees to uncomfortably high figures. But so far, no such move has been made.

### Criticism

As the quality of surface transport improves, Sr. Arria said, more people will be likely to take a bus rather than a taxi, and some may even decide to leave their cars at home. The Governor faced considerable criticism here for his purchase of expensive new British and Hungarian buses, but he countered by saying that no one was willing to ride the city's ramshackle old buses and that residents of the capital deserved comfortable transport.

He admits, however, that convincing drivers to form car pools and take other measures that would cut down on the use of private cars will not be easy. "For most middle-class Venezuelans," one observer said, "driving their fancy new cars is equivalent to a God-given right."

Attempts to enforce traffic laws in the capital almost always seem to fade out after a day or two of enthusiastic response by police officers and Government officials. A traffic policeman was recently sent to jail for ticketing a judge's car. The Communications Ministry, which controls the transit police, could not overturn the judge's arrest order but presented the officer with a distinguished service award when he was released.

In the face of an almost insoluble dilemma, Caracas Governor Diego Arria has carried out an energetic campaign in defence of pedestrian rights. Last year he closed the city's central square, Plaza Bolivar—to vehicular traffic and drew fire from critics both in and outside the Government. But sealing off the streets around the square created an oasis of tranquillity in the centre of Caracas.

The Governor has also closed other streets to vehicles and has banned motorcycles from certain sectors. Similar efforts in New York City along Fifth and Madison Avenues encountered stiff opposition from merchants' associations, and the programmes were eventually halted. Up to now, however, the Governor has moved ahead with his plans despite splenetic reactions.

Government traffic experts agree that sealing off streets will definitely have detrimental effects on traffic flow. But as one of the Governor's aides said: "We want to give some parts of the city back to the pedestrian."

J. A. M.



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# Venezuela

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## VENEZUELA XX

To oil-rich Venezuela tourism is of minimal significance as a provider of foreign exchange. While not actively discouraging visitors, the country's administrators prefer to see any development as part of broader objectives in the less affluent regions.

## Low key tourism

IN PRESIDENT Perez's 766-page annual report to Congress this year, just 21 lines were dedicated to tourism. Evidently, the view that tourism is the price that poor countries must pay for foreign exchange has won out. The recent order that all foreign visitors must go to the bother of acquiring a visa at a Venezuelan consulate prior to arrival is just one sign that the country is not desperate for tourists, while the long sticky delay involved in passing through health, migration and customs formalities at the Maiquetia International Airport only further illustrates Venezuela's view that it can afford to do without tourism.

To be fair, the attitude of the Government and people is not xenophobic—or even chauvinistic. Rather it is one of realistic recognition that any major effort to attract foreign tourists will inevitably result in a distortion of economic development and cultural values. The nearby example of foreign tourists "sleeting" such as Acapulco and Montezuma Bay in Mexico and the Caribbean has been enough to lead Venezuela to question the accepted premise that foreign tourism is good for developing nations.

Yet tourism as such has not been rejected. The tradition in Venezuela and the rest of Latin America is that the middle and upper classes get to know the U.S. and Europe long before they visit the interior of their own countries. The Government's policy is therefore to stimulate internal tourism, partly as a way of saving some foreign exchange, but mainly to use tourism to bring economic activity and jobs to remote coastal, jungle and mountain regions. During the past two years, most propaganda of the Tourism Corporation (Corporación Turística) has been aimed at selling "Your Venezuela" to Venezuelans.

"Tourism is not an end in itself," Sr. Frank Briceño, President of Corporación Turística, said in an interview. "This Government sees tourism as a means of achieving its broader

objectives such as decentralisation and regional development, job-creation, redistribution of income and protection of the environment. We cannot separate national and foreign tourism. Both must be directed at fulfilling these aims."

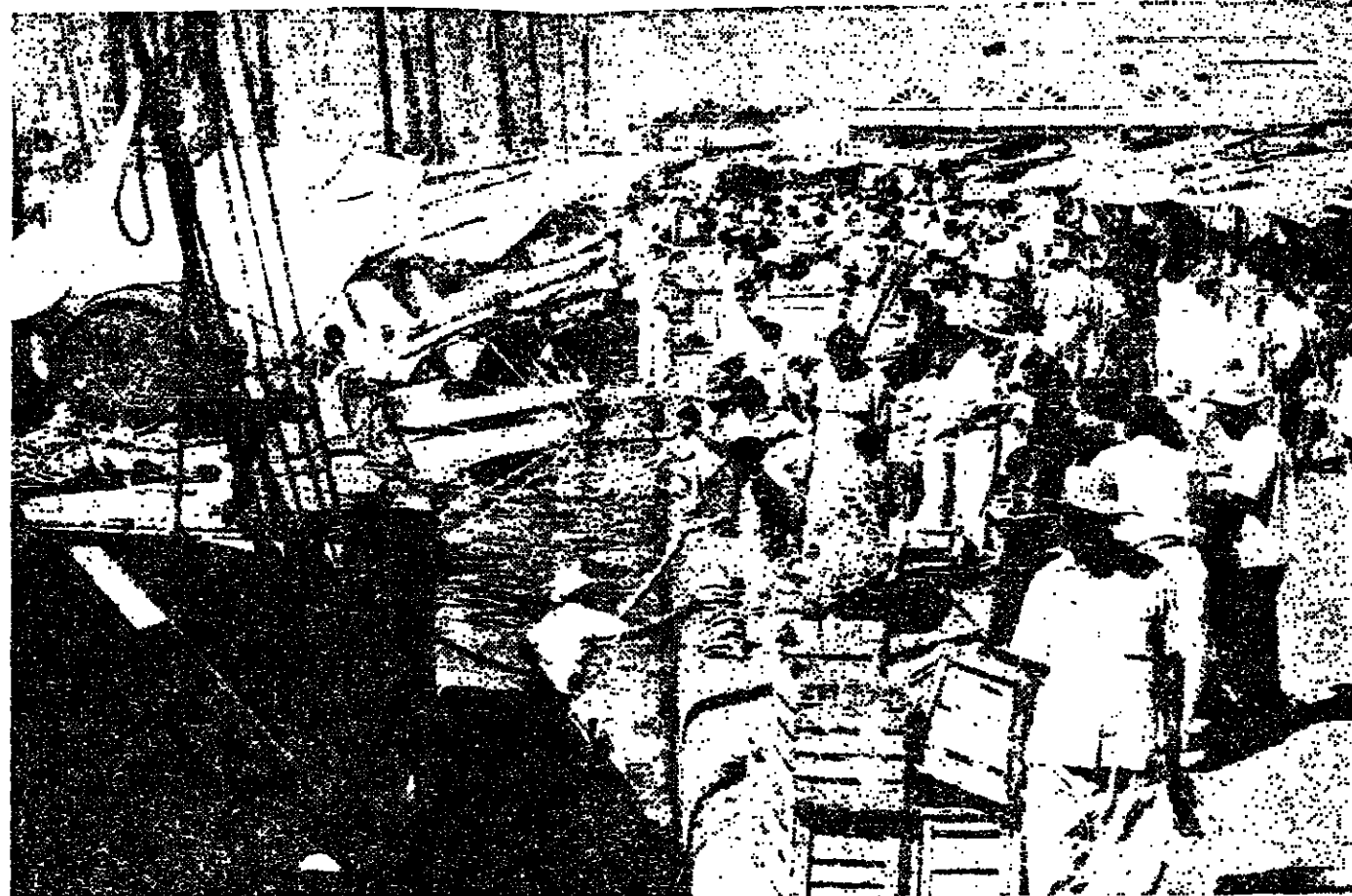
The Government sees its role as being a provider of the necessary infrastructure to enable the private sector to develop tourist centres. But unlike Mexico, for example, which is seeking to re-create the Acapulco "ghetto" model in Cancun and Ixtapa, the Government here is channelling its investment into building more modest and more numerous tourist resorts that will have a market of less wealthy nationals. The Government is concentrating on building the infrastructure and providing what we call social tourism, that is, for low income groups," Sr. Briceño explained. "But the State considers that in general it should not administer tourist services."

## Desperate

In fact, rather than becoming directly involved in hotel construction, the regime is trying to resolve the problem of the ten hotels it owns and runs through the Conahatu organisation. Built in the fifties during the dictatorship of General Pérez Jiménez, the hotels are desperate for new management and remodelling and are pushing Conahatu ever deeper into the red.

Ideally, the Government would like to sell off the hotels, which have a total of 800 rooms, but no buyers have come forward. Instead, the alternative plan being followed is to allow international or national hotel chains to administer the hotels while the Government remains the formal owner. Both Intercontinental and Sheraton have shown interest in taking over the operations and some solution to the Conahatu problem seems imminent.

Given the predilection of Venezuelans for big spending and luxury projects, Corpora-



A quayside market at Maracaibo.

Turismo's projects in the provinces are surprisingly modest. Working with the State Governments, which pay most of the costs, the organisation is helping to model and develop dozens of small resorts for "collective welfare." In some cases, they are beside the sea, in others on river banks or at racing tracks. The authorities invariably concentrate on building marinas, access roads, parking spaces, restaurants, changing-rooms and camp-sites and assume responsibility for cleaning up the environment and providing security, first-aid posts and life-guards. Within many of these resorts, areas are also set aside for private development.

The key to this programme is of course that there will be several resorts in every State in

the country, thus for the first time stimulating basic tourist development on a broad front. And in all cases, this will be tourism by Venezuelans for Venezuelans.

But the absence of a specific campaign to attract foreign tourists does not mean that there is no room for visitors or investors from abroad. Hotels, in fact, one of the few sectors that are excluded from Decision 24 of the Andean Common Market and can be built with entirely foreign capital, although in practice the large chains will merely operate the hotels.

Throughout the country, in fact, construction of new hotels is going ahead. This year alone, for example, new investments of \$100m. have been approved

involving 31 different hotels, many of them small. The number of foreign visitors has also been growing rapidly, although statistics do not distinguish between real tourists and businessmen who arrive with tourist visas. Nevertheless, the number of total visitors has risen from 183,328 in 1968 to 480,321 in 1973 and 646,222 last year. Foreign exchange earnings have also gone up from \$39.8m. in 1968 to \$118.8m. in 1973 and about \$150m. last year, this figure being equal to just six days' oil revenue. Of last year's visitors, 188,803—or 29.2 per cent—were day-trippers from cruise ships, while of the remaining 457,418, all but 28 per cent arrived at Maiquetia Airport. Of the tourists (and

businessmen), 52 per cent were Americans, 8.1 per cent, Colombians and just 3 per cent, Britons.

The fact that there is only a slight increase in the monthly rate of foreign visitors during the winter season is probably the clearest indication that most "tourists" are, in fact, businessmen. One large Caracas hotel, in fact, calculated recently that 68 per cent of its clientele were businessmen.

As Venezuelan development gains momentum and growing numbers of foreign bankers and industrialists are attracted by business prospects here, this trend will become more apparent. But at the same time, the hotel room deficit in the capital will become even more

critical. Almost nightly, the ordinary scenery, one of the main joys of Canaima is the setting in which visitors a few days, an attraction would be eliminated by any development of the area for foreign tourism.

In sharp contrast to this "World" in the tropical east is the colonial atmosphere of the Andean regions of Merida in the west, where capped mountains and lakes offer a welcome from the heat of the rest of the country. And between the great plains stretch the great plains of the cowboy land of Venezuela, setting for the novel "Barbaric" by the country's famous novelist, R. Gallegos. In these "Caraqueños"—residents of Caracas—are still as many foreigners.

Interior But in the next few Caracas and other dwellers will be looking longingly to the interior, not because this is where the development is taking place, but because the tourist propaganda promoted, but also because tourist spots are the island of Margarita, where locals are attracted by the free port as well as by the beaches and colonial towns, and the nearby resort of Macuto. But after that, the country is still very much of an adventure, more suited for individuals than package tours.

Venezuela is in fact a microcosm of Latin America: it has Caribbean beaches, Amazonian jungles and Andean mountains. The two domestic airlines, Avenca and Aeropostal, are expanding their internal routes, but many spots are still only reachable by light aircraft or second-class buses. Perhaps the most dramatic trip is to the Amazonian jungle camp at Canaima—served by Avenca—which combines with an aerial "visit" to the Angel Falls, the highest and perhaps most inaccessible waterfall in the world. Beyond the extra

## Interior

For the foreign—paria American—tourist, this may be frustrating. Most won't speak to him in his own language, and he won't stop to him the way, restaurants make concessions to his eating habits. But from Venezuelan point of view luxury of not having to scramble around for the exchange brought by tourists is not to be underestimated. In the long run, Venezuela even develop its own tourism which foreigners be anxious to share as search for something more distinctive than a hot dog pizza.

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**Godfrey Davis**

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1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26











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RMP

## Rand Mines Properties Limited

(Incorporated in the Republic of South Africa)

## CONSOLIDATED PROFIT AND DIVIDEND

## Consolidated Profit

The audited consolidated results of the group for the year ended 30th September, 1975, with the 1974 comparative figures were as follows:

	1975	1974
Turnover	R33 309 000	R25 776 000
Profit before taxation	4 943 000	3 427 000
Less: Taxation	1 108 000	411 000
Profit after taxation	3 835 000	3 016 000
Less: Net Profit attributable to outside shareholders in subsidiary companies	278 000	6 000
Profit after taxation attributable to shareholders of the company	3 557 000	3 010 000
Surplus on sale of fixed assets	23 000	—
	3 580 000	3 010 000
Appropriations:	1 521 000	1 383 000
Surplus on sale of fixed assets transferred to reserve	23 000	—
Dividend No. 8 of 13.0 cents per share (1974: 12 cents per share)	1 498 000	1 383 000
Retained surplus for the period	R3 059 000	R1 627 000
Number of shares issued	11 521 715	11 521 715
Earnings per share based on profit after taxation attributable to shareholders of the company	30.9 cents	26.1 cents

## NOTE:

The increase in turnover and profits arose from the property activities of the company and the inclusion of Thesen and Co. (Pty) Ltd. for the full year compared with six months in 1974. After receiving State assistance, mining profits decreased to R138 000 compared with R419 000 in 1974.

## Dividend Declaration

Notice is hereby given that dividend No. 8 of 13.0 cents per share has been declared payable to shareholders registered in the share register of the company at the close of business on 28th November 1975.

The transfer books and registers of members of the company in Johannesburg and the United Kingdom will be closed from 29th November to 7th December 1975, both days inclusive. Dividend warrants will be posted on or about 16th January 1976, to shareholders at their registered addresses or in accordance with their written instructions received up to and including 28th November 1975.

The dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the United Kingdom transfer secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 2nd January 1976.

In terms of the South African Income Tax Act, 1962, as amended, non-resident shareholders tax of 15 per cent has been imposed on dividends payable to:

- (a) Persons other than companies, not ordinarily resident nor carrying on business in South Africa and
- (b) Companies which are not South African companies and are not carrying on business in the Republic.

and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside South Africa.

By order of the Board  
A. D. Waters,  
Secretary.

Registered Office:  
Off Main Reef Road,  
Crown Mines,  
Johannesburg 2001.  
(Postal—P.O. Box 27,  
Crown Mines, 2025)

United Kingdom Transfer Secretaries:  
Charter Consolidated,  
P.O. Box 102,  
Charter House, Park Street,  
Ashford, Kent TN24 5EQ.  
14th November, 1975.

Transfer Secretaries:  
Rand Registrars Limited,  
2nd Floor, Devonshire House,  
49, Jorissen Street,  
Braamfontein 2001.  
(Postal—P.O. Box 31719,  
Braamfontein, 2017).

## APPOINTMENTS

## Senior executive changes at John Laing Construction

Mr. Charles H. Craft, managing director of the building division, JOHN LAING CONSTRUCTION, will be appointed chairman of the division from January 1.

Mr. Leslie J. Holliday, at present assistant managing director, will become managing director of the division on the same date. Mr. Holliday is also a director of John Laing International.

Mr. G. L. Spital will retire at his own request on December 31 as chairman of Delta Building Products, a subsidiary of the DELTA METAL COMPANY, of which he will remain a non-executive director. Mr. K. R. Harding, at present deputy chairman of Delta Building Products and a director of the Delta Metal Company, will succeed Mr. Spital as chairman of Delta Building Products.

Mr. Bas Kardoel has been appointed managing director of the International part of the REED GROUP, of which he has become a director. Mr. Kardoel, who takes up his appointment on December 1, joined Reed Group in 1972 and became a director of Soiers International when it acquired the Dutch-based Handelmaatschappij Friesz BV, of which he is managing director.

Mr. Harry Beagough has been elected chairman of ST. JAMES'S ADVERTISING AND PUBLISHING COMPANY in succession to Mr. J. M. Williams, who has vacated the office on reaching the age of 65. Mr. Williams remains on the Board as a non-executive director.

Mr. E. R. Porter has been appointed treasurer and senior vice-president of NATIONAL WESTMINSTER BANK'S new executive office, North America, in New York. He was formerly chief representative, treasurer's department, international banking division.

Mr. J. A. Airey has been appointed sales director of HAWKER SIDDELEY DYNAMICS from January 1.

Mr. Barrie C. Johnston has been appointed a director of CHARTERHOUSE JAPHET (NORTHERN), the Manchester branch of CHARTERHOUSE JAPHET.

Mr. Maurice Tattersfield, a deputy managing director of the RGO GROUP, has retired from the Board. He continues as a trustee of the staff pension fund, and will act as a consultant to the group's chairman on special projects.

Mr. T. R. Anckelmann has resigned his directorship of CADBURY SCHWEPES to devote more time to his personal business interests.

Mr. C. E. Reynolds, currently chairman and managing director of NCB's British company, will become vice-president, Europe, on December 1. He will succeed Mr. G. Haynes, who will retire on April 30 at the age of 65. Mr. Reynolds will continue as chairman and managing director of the British company. Mr. Haynes will remain a senior vice-president and also a director of the British and parent U.S. companies until his retirement.

Mr. John A. Rolfs, an assistant treasurer of MONSANTO, St. Louis, Missouri, has been appointed director of finance, Europe. He continues as an assistant treasurer.

Mr. R. R. St. J. Baskerville, chairman of MARSHALL INVESTMENTS, has resigned from the Board of CATER RYDER, following their decision of interests in MARSHALL INVESTMENTS and subsidiaries.

MORGAN EDWARDS has made the following appointments to subsidiaries: Miss R. Castell, Barber and Manuel Wholesale; Mrs. H. Tipton, Morgan Edwards Wholesale; Miss R. Duff, Mr. J. R. Brassington and Mr. P. Walklett, Siddall Brothers.

Mr. R. D. Mason of STANDARD CHARTERED BANK has been appointed honorary secretary and treasurer of BRITISH OVERSEAS AND COMMONWEALTH BANKS ASSOCIATION. He succeeds Mr. R. J. Moore who has relinquished that position because of a change in his duties.

Mr. Brian A. D. Parsons has been appointed a director of VITOPAN. He was already a director of an associate company, J. MACE, having held that position for over a year. Mr. Parsons also became a director of STRAIGHT JANE MOFS.

Mr. A. A. Crake has resigned as a director of GEORGE DOLAND & SONS. Mr. Crake has been appointed to the Board.

Mr. J. F. P. Parsons has been appointed a director of POTTER, GILL AND HAWKEY, in a non-executive capacity.

Mr. James L. Rawlinson, vice-president of BANK OF AMERICA, has been appointed head of loan operations in the bank's Europe, Middle East and Africa division headquarters based in London.

Mr. Bernard T. M. Jones, chairman and chief executive of Reckitt and Colman Australia, has been appointed a director of the company. He has been succeeded as chairman by Mr. Ian R. L. Warner. Mr. Jones will remain a director of the parent company RECKITT AND COLMAN.

Mr. J. M. MacLennan, has been appointed assistant general manager and secretary of the SCOTTISH ENVIRONMENTAL INVESTMENT BOARD, which is a non-profit-making body. Mr. W. A. R. Smith has been promoted to secretary from joint secretary and organisation and methods manager.

Mr. Frank Cramer has been appointed a director of TOBACCO SECURITIES TRUST. He will continue as manager and secretary to the company.

Mr. David Drew has been appointed a director of BOOSEY AND HAWKES.

Mr. J. K. Roddy, group financial controller of BERNARD WARDLE, has been appointed to the Board of its subsidiary, DURAPLEX INDUSTRIES.

Mr. Paul Barron has been appointed to the Board of JOHN STEPHEN OF LONDON and becomes managing director. Mr. Barron has acquired 747,800 Ordinary shares in the company from Mr. John Stephen and Mr. E. W. Frank. Mr. Stephen continues as chairman and Mr. Barron as a director and they both retain shareholdings in the company. Mr. A. D. Carrara has resigned as a director but retains his shareholding.

Because of other business commitments, Mr. R. E. W. Newman has asked to be released from the position of chairman of THAMES PLYWOOD MANUFACTURERS. He remains a director. Mr. C. F. Choularton has been appointed a director and has been elected chairman.

Mr. Anthony R. Pritchard has been appointed a director of SUPRA MASTER ARTS.

Mr. S. A. Bradburn has been appointed managing director of the FARMERS' FERTILISER COMPANY. He succeeds Mr. W. S. Keatley who has been managing director for 25 years. Mr. Keatley remains on the Board as a consultant.

Mr. Noel T. J. Pape has been appointed secretary of HINDSON PRINT Group and replaces Mr. P. E. Froome, who has resigned but continues as a non-executive director. Mr. Pape was secretary and director of the subsidiary Andrew Reid and Co.

Mr. Eugene K. O'Shea has been appointed a director of ULTRAMAR. Mr. O'Shea is a senior vice-president and general counsel of American Ultramar. Mr. E. R. Ault has been appointed alternate director to Mr. Lloyd E. Benson of Ultramar. Mr. James Allan, has been appointed alternate director to Mr. Arnold Lorbeer.

Mr. David A. Shaw has been appointed to the Board of COMMODITY ANALYSIS as financial director and will continue as secretary.

Mr. William K. Lindsay has been appointed financial director of JOY MANUFACTURING (U.K.).

Mr. Martin B. Alton, formerly secretary and manager of BANKERS' TRUST INTERNATIONAL, has been appointed secretary to the BRITISH TRANSPORT DOCKERS BOARD following the appointment of the present secretary, Mr. Keith Stuart, as director and general manager from January 1. Mr. Alton will join the Board on November 17, taking up his full responsibilities on January 1.

## austinsuite FURNITURE

The 38th Annual General Meeting of F. Austin (Leyton) Ltd. was held on 14th November, 1975 at the Company's Registered Office, London E10 7PZ.

During the year we successfully developed and marketed several new domestic ranges of packaged self assembly furniture that have met with a very encouraging response, both from our traditional outlets and also from those outside our normal distribution channels. We believe there to be substantial growth potential in this type of furniture in both home and overseas markets and in this connection we are furthering our policy of participating in International Exhibitions.

In the present economic climate it is hazardous to forecast results for the current year but so far our sales are up to expectation. We are fully equipped both with plant and labour to take full advantage when the economy improves.

## ADAMS FOODS

## Record year at Adams Foods

At the Annual meeting of Adams Foods Limited, at Leek, the Chairman Mr. J. H. Adams, referred to a "most satisfactory" year and told shareholders that the group's diversification policies had been entirely vindicated by the growth in non-butter areas. As previously announced group turnover in the financial year ended 28th June 1975 increased by some £11 M to a record £60.7M whilst profit before tax was up from £429,000 to a further record level of £665,000.

In his Annual Review of the activities of the various divisions of the group, Mr. Adams drew shareholders' attention to the newly formed Fresh Dairy Foods Division where, he said, the aim was to achieve national coverage during 1976 with dairy cabinet product ranges - yogurt, cream desserts, cream and other popular short-life products - under the Adams/Kerrygold banner. He said that recently Kerrygold real fruit yogurts had been enjoying increased sales and had registered substantial market shares.

## 'Better than forecast'

At Adams Biscuits, Uttoxeter, the chairman said business had developed better than forecast over the last year, with a doubling of sales of the "Regal" and "Elkes" biscuit brands. Exports were also encouraging and the company had established sales links in North America and Canada with shipments now regularly going forward to those and other export markets.



Shown here is the first picture of some of the dairy products to be distributed nationally through the newly formed fresh dairy foods division of Adams Foods Limited.

The group's diversification at its Cardiff longlife milk plant into a range of fruit juice had developed as planned during the year. This factory, Mr. Adams said, was running at top gear to meet the demands for Adams pure fresh orange and grapefruit juices.

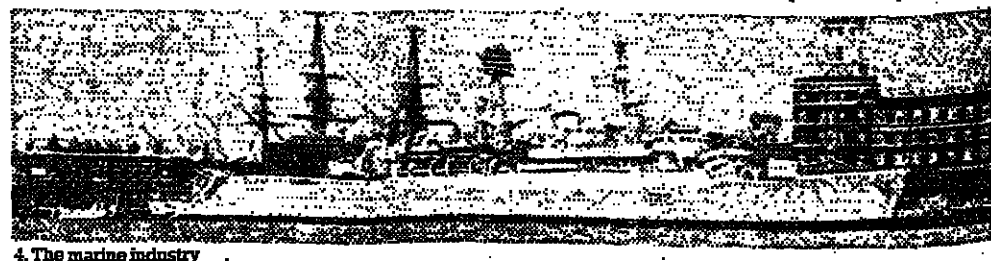
## Increased Market Share

It had also been a particularly successful year in the performance of the group's important butter and cheese interests. The group had increased its market share overall and throughput had achieved record volumes at certain periods. This was due, the chairman said, to aggressive marketing and sales techniques combined with improved service to customers. A major contributory factor was the new cold storage and warehousing complex which was inaugurated at the beginning of 1975. This, said Mr. Adams, had enabled the group to sustain a new improved level of efficiency and speed of service.



## Cray Electronics Ltd

The activities of the Cray Electronics Group consist principally of specialised mechanical, electrical and electronic engineering, including the development and manufacture of new products and the refurbishment of existing equipment, serving four major industries:



Results at a Glance £'000:	1975	1974
Turnover	7,237	6,165
Profit before Tax	517	181
Profit after Tax	231	44
Dividend	1.3p	1.0p
Earnings per Share	3.41p	2.66p

Copies of the Annual Report and Accounts, including the Chairman's full Statement, can be obtained from the Secretary at 2 Kennet Road, Cray Industrial Estate, Dartford, Kent, DA1 4QP.

From the Statement of the Chairman Mr. Malcolm Bates:  
Profitability for the year showed a satisfactory improvement in all subsidiaries and progress has been made strengthening the cash position of the Group.

Policy of planned development and reorganisation has continued, the benefit of which are now beginning to bear fruit. Sales in the first three months of the current year are 15% up.

This announcement appears as a matter of record only.



## TOTAL INDONESIE

U.S. \$120,000,000

FLOATING RATE LOAN

Guaranteed by

## COMPAGNIE FRANÇAISE DES PÉTROLES

Managed by

BANQUE DE L'INDOCHINE  
ET DE SUEZBANK OF AMERICA  
N.T. & S.A.

BANKERS TRUST INTERNATIONAL LIMITED

BANQUE NATIONALE DE PARIS

MIDLAND BANK LIMITED

MORGAN GRENFELL &amp; CO. LIMITED

and also provided by

Agemenc Bank Nederland N.V. Allied Bank International Banco de Santander S.A.  
Banque du Benelux S.A. Banque Européenne de Crédit (BEC)  
Banque Provinciale du Canada Barclays Bank S.A. Paris  
Caisse Centrale des Banques Populaires Canadian Imperial Bank of Commerce  
Chemical Bank Commerzbank International S.A.  
Compagnie Financière de la Deutsche Bank AG Crédit Chimique  
Crédit Industriel d'Alsace et de Lorraine Crédit Suisse London Branch  
Dresdner (South East Asia) Ltd. First National City Bank (Paris)  
—Dresdner Bank Group—  
First Pennsylvania Bank N.A. Girard Trust Bank Irving Trust Company  
Lloyds Bank California Los Angeles Lloyds Bank International (France) Ltd.  
Mellon Bank N.A. Norddeutsche Landesbank International S.A.  
Security Pacific National Bank Société Lyonnaise de Dépôts et de Crédit Industriel  
Trade Development Bank (France) Trinkaus & Burkhardt (International) Ltd.  
United California Bank

Agent Bank

BANQUE DE L'INDOCHINE ET DE SUEZ



October 1975



Operating in 32 countries worldwide with over 66,000 stockholders and 48,000 employees.  
Group Head Office: EMI House, 20 Manchester Square, London W1.



**HOTELS—Continued**

Dated	Stock	Price	Last	Pr	Cur
Mar.	Oct. Ind. 377-38	146	95	94.00	9
Apr.	Nov. Sch. Ind. 10p	105	84	82.12	6.8
Mar.	Nov. Sch. Ind. 10p	105	84	82.12	6.8
July	Nov. Sch. Ind. 111-11	122	100	97.57	2.4
Dec.	Sept. Ind. 111-11	122	100	97.57	2.4
Mar.	Sept. Ind. 111-11	122	100	97.57	2.4
Apr.	Oct. Ind. 111-11	122	100	97.57	2.4
Oct.	Nov. Ind. 111-11	122	100	97.57	2.4
Nov.	Dec. Ind. 111-11	122	100	97.57	2.4
Jan.	Jan. Ind. 111-11	122	100	97.57	2.4
Feb.	Feb. Ind. 111-11	122	100	97.57	2.4
Mar.	Mar. Ind. 111-11	122	100	97.57	2.4
Apr.	Apr. Ind. 111-11	122	100	97.57	2.4
May	May Ind. 111-11	122	100	97.57	2.4
June	June Ind. 111-11	122	100	97.57	2.4
July	July Ind. 111-11	122	100	97.57	2.4
Aug.	Aug. Ind. 111-11	122	100	97.57	2.4
Sept.	Sept. Ind. 111-11	122	100	97.57	2.4
Oct.	Oct. Ind. 111-11	122	100	97.57	2.4
Nov.	Nov. Ind. 111-11	122	100	97.57	2.4
Dec.	Dec. Ind. 111-11	122	100	97.57	2.4
Jan.	Jan. Ind. 111-11	122	100	97.57	2.4
Feb.	Feb. Ind. 111-11	122	100	97.57	2.4
Mar.	Mar. Ind. 111-11	122	100	97.57	2.4
Apr.	Apr. Ind. 111-11	122	100	97.57	2.4
May	May Ind. 111-11	122	100	97.57	2.4
June	June Ind. 111-11	122	100	97.57	2.4
July	July Ind. 111-11	122	100	97.57	2.4
Aug.	Aug. Ind. 111-11	122	100	97.57	2.4
Sept.	Sept. Ind. 111-11	122	100	97.57	2.4
Oct.	Oct. Ind. 111-11	122	100	97.57	2.4
Nov.	Nov. Ind. 111-11	122	100	97.57	2.4
Dec.	Dec. Ind. 111-11	122	100	97.57	2.4
Jan.	Jan. Ind. 111-11	122	100	97.57	2.4
Feb.	Feb. Ind. 111-11	122	100	97.57	2.4
Mar.	Mar. Ind. 111-11	122	100	97.57	2.4
Apr.	Apr. Ind. 111-11	122	100	97.57	2.4
May	May Ind. 111-11	122	100	97.57	2.4
June	June Ind. 111-11	122	100	97.57	2.4
July	July Ind. 111-11	122	100	97.57	2.4
Aug.	Aug. Ind. 111-11	122	100	97.57	2.4
Sept.	Sept. Ind. 111-11	122	100	97.57	2.4
Oct.	Oct. Ind. 111-11	122	100	97.57	2.4
Nov.	Nov. Ind. 111-11	122	100	97.57	2.4
Dec.	Dec. Ind. 111-11	122	100	97.57	2.4
Jan.	Jan. Ind. 111-11	122	100	97.57	2.4
Feb.	Feb. Ind. 111-11	122	100	97.57	2.4
Mar.	Mar. Ind. 111-11	122	100	97.57	2.4
Apr.	Apr. Ind. 111-11	122	100	97.57	2.4
May	May Ind. 111-11	122	100	97.57	2.4
June	June Ind. 111-11	122	100	97.57	2.4
July	July Ind. 111-11	122	100	97.57	2.4
Aug.	Aug. Ind. 111-11	122	100	97.57	2.4
Sept.	Sept. Ind. 111-11	122	100	97.57	2.4
Oct.	Oct. Ind. 111-11	122	100	97.57	2.4
Nov.	Nov. Ind. 111-11	122	100	97.57	2.4
Dec.	Dec. Ind. 111-11	122	100	97.57	2.4
Jan.	Jan. Ind. 111-11	122	100	97.57	2.4
Feb.	Feb. Ind. 111-11	122	100	97.57	2.4
Mar.	Mar. Ind. 111-11	122	100	97.57	2.4
Apr.	Apr. Ind. 111-11	122	100	97.57	2.4
May	May Ind. 111-11	122	100	97.57	2.4
June	June Ind. 111-11	122	100	97.57	2.4
July	July Ind. 111-11	122	100	97.57	2.4
Aug.	Aug. Ind. 111-11	122	100	97.57	2.4
Sept.	Sept. Ind. 111-11	122	100	97.57	2.4
Oct.	Oct. Ind. 111-11	122	100	97.57	2.4
Nov.	Nov. Ind. 111-11	122	100	97.57	2.4
Dec.	Dec. Ind. 111-11	122	100	97.57	2.4
Jan.	Jan. Ind. 111-11	122	100	97.57	2.4
Feb.	Feb. Ind. 111-11	122	100	97.57	2.4
Mar.	Mar. Ind. 111-11	122	100	97.57	2.4
Apr.	Apr. Ind. 111-11	122	100	97.57	2.4
May	May Ind. 111-11	122	100	97.57	2.4
June	June Ind. 111-11	122	100	97.57	2.4
July	July Ind. 111-11	122	100	97.57	2.4
Aug.	Aug. Ind. 111-11	122	100	97.57	2.4
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هاتف ابي الامام



INDUSTRIALS - Continued

Stock	Price	Div	Yield	Div	Yield
British Petroleum	115.00	1.50	1.30	1.50	1.30
Shell	110.00	1.40	1.27	1.40	1.27
Esso	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Telecom	95.00	1.10	1.16	1.10	1.16
British Overseas Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86

INDUSTRIALS - Continued

Stock	Price	Div	Yield	Div	Yield
British Airways	115.00	1.50	1.30	1.50	1.30
British Airways	110.00	1.40	1.27	1.40	1.27
British Airways	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Airways	95.00	1.10	1.16	1.10	1.16
British Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86

PROPERTY - Continued

Stock	Price	Div	Yield	Div	Yield
British Airways	115.00	1.50	1.30	1.50	1.30
British Airways	110.00	1.40	1.27	1.40	1.27
British Airways	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Airways	95.00	1.10	1.16	1.10	1.16
British Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86

TRUSTS, FINANCE, LAND

Stock	Price	Div	Yield	Div	Yield
British Airways	115.00	1.50	1.30	1.50	1.30
British Airways	110.00	1.40	1.27	1.40	1.27
British Airways	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Airways	95.00	1.10	1.16	1.10	1.16
British Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86

TRUSTS - Continued

Stock	Price	Div	Yield	Div	Yield
British Airways	115.00	1.50	1.30	1.50	1.30
British Airways	110.00	1.40	1.27	1.40	1.27
British Airways	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Airways	95.00	1.10	1.16	1.10	1.16
British Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86

MINES

Stock	Price	Div	Yield	Div	Yield
British Airways	115.00	1.50	1.30	1.50	1.30
British Airways	110.00	1.40	1.27	1.40	1.27
British Airways	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Airways	95.00	1.10	1.16	1.10	1.16
British Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86

CENTRAL RAND

Stock	Price	Div	Yield	Div	Yield
British Airways	115.00	1.50	1.30	1.50	1.30
British Airways	110.00	1.40	1.27	1.40	1.27
British Airways	105.00	1.30	1.24	1.30	1.24
British Airways	100.00	1.20	1.20	1.20	1.20
British Airways	95.00	1.10	1.16	1.10	1.16
British Airways	90.00	1.00	1.11	1.00	1.11
British Airways	85.00	0.90	1.06	0.90	1.06
British Airways	80.00	0.80	1.00	0.80	1.00
British Airways	75.00	0.70	0.93	0.70	0.93
British Airways	70.00	0.60	0.86	0.60	0.86



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Monday November 17, 1975

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## Regions dominate Queen's speech

By Richard Evans,  
Lobby Correspondent

A HEAVY programme of Government legislation, dominated by a Bill on the devolution of powers from Westminster to new assemblies in Scotland and Wales, is in draft ready for disclosure in the Queen's Speech opening the new Parliamentary session on Wednesday.

Because of the many weeks of debate that the devolution legislation will require late in the session, the Government's business managers are determined to push through a number of controversial measures by Easter. These include the nationalisation of the shipbuilding and aircraft manufacturing industries, the Trade Union and Labour Relations Bill and the legislation to enforce the comprehensive reorganisation of secondary schools and the abolition of the eleven-plus.

Such a politically contentious programme is certain to be hotly resisted by the Conservatives and in many instances by the Liberals, who will put increasingly heavy strains on the Government whips to maintain their Commons majorities.

The Government's overall majority is one, but it includes Mr. John Stonehouse, MP for Walsall North, who is facing fraud charges, and Mr. John Ryman, MP for Blyth, who has been given leave of absence from the Commons following the announcement of a prosecution on a charge of overspending election funds.

**Rebels**  
The danger during the long debates on the devolution legislation is that both major parties may be divided on various aspects, making it a whips' nightmare if party rebels combine to defeat the Government.

Although Edward Short, Leader of the Commons, has repeatedly promised a devolution Bill early in the New Year, there is increasing speculation at Westminster that publication may be delayed until March or even take the form of a draft Bill which will not reach the Statute Book until late in the 1976-77 session.

The devolution White Paper is expected to be published by the end of the month, leaving several weeks for further consultation before the Bill is published.

Influential Cabinet Ministers, including Mr. Anthony Crosland, Mr. Roy Jenkins, Dr. Denis Healey and Mr. James Callaghan, are known to have counselled caution on the issue on the grounds that the midland and lead to the eventual disintegration of the U.K.

Other Cabinet Ministers fear that if the Government appears to be prevaricating over its devolution promises it will play into the hands of the nationalists and gravely damage Labour's electoral prospects in Scotland and Wales.

One of the earliest Bills seems certain to be the Trade Union and Labour Relations (Amendment) Bill which the Lords refused to pass in the last session because of the Government's refusal to countenance any form of statutory backing for the proposed charter on Press freedom.

The Bill is likely to appear before Christmas and the provisions for a voluntary press charter and supervisory body added by the Commons.

If the Lords continue to insist on a statutory back-up, the Government will invoke the Parliament Act so that the Bill reaches the Statute Book by next autumn at the latest.

Other Bills expected to be in the Queen's Speech include provisions for a development land tax at 80 per cent, to supplement the Community Land Act; wider facilities for the National Giro; the abolition of agricultural tied cottages.

## Weather

**U.K. TO-DAY**  
A COLD NORTHERLY airstream will cover the British Isles, and there will be showers of rain over Eastern England falling as snow over Scotland.  
London, Southern England, the Midlands, Channel Isles, Central and Northern Ireland.  
Sunny periods and isolated showers. Wind N.W., strong. Max. 7C (45F).  
E. Anglia, N.E. England  
Cloudy with showers and longer periods of rain. Wind N.W., strong. Max. 6C (43F).

## BUSINESS CENTRES

City	Value	City	Value
Alexandria	24.52	Madrid	19.66
Amsterdam	15.24	Moscow	6.43
Antwerp	15.33	Nairobi	20.28
Bahama	27.31	Paris	19.44
Bombay	19.48	Rangoon	8.42
Breast	6.45	San Francisco	7.43
Buenos Aires	4.28	Seoul	2.36
Calcutta	24.28	Singapore	11.23
Canton	9.48	Taipei	11.23
Cebu	11.23	Tokyo	11.23
Colon	11.23	Yokohama	11.23
Hankow	11.23		
Hong Kong	11.23		
Kobe	11.23		
London	11.23		
Lyons	11.23		

## Lisbon Communists call for Premier to resign

BY PAUL ELLMAN

PORTUGAL'S Communists staged a show of strength here today, mobilising an estimated 100,000 people to attend an anti-Government demonstration. The crowd, organised by Communist-led trades unions, packed the Terreiro de Paço on the Lisbon waterfront—the scene of a smaller rally last Sunday in support of the Prime Minister, Admiral Pinheiro de Azevedo, and overflowed into the adjoining streets.

Calls for the resignation of the Prime Minister and other members of his Cabinet were greeted with roars of approval as the demonstrators chanted slogans in support of the Communist-backed Vasco Gonçalves, and General Carreira de Azevedo, the Leftist head of the internal security force, COPCON.

Gen. Carreira de Azevedo, who has been ostentatiously keeping his distance from his colleagues on the Revolutionary Council of the Armed Forces Movement, sent a message to the demonstration affirming that it showed that "the Socialist revolution will never die."

Moves by some members of the Revolutionary Council to replace Gen. Saraiya de Carvalho with a figure more sympathetic to the Government were publicly repudiated over the week-end by President Costa Gomes.

The President said during a television interview that in spite of claims made by the leader of the Popular Democrats, it was not possible to govern Portugal without the support of the Communist Party.

In spite of allegations by the Socialist Party that today's demonstration was designed to provide cover for a Communist insurrection, the crowd remained orderly and well-disciplined throughout.

Dr. Alvaro Cunhal was quoted here as telling a Hungarian television interviewer that the Portuguese Communist Party was not planning to seize power by force.

The Communist campaign against the Government is expected to intensify in the coming weeks, and the latest turn of the screw came amid signs of disarray among Admiral Pinheiro de Azevedo's supporters.

The Socialist Party pulled out of the assembly, the Communist Party organised at Viseu in the central north of the country, accusing the popular Democrats of trying to give it a "party" nature.

It is thought here, however, that the Socialists did not want to be identified with a relatively small gathering while the Communists benefited from the huge turnout in Lisbon.

The prime minister also stayed away from the Viseu rally, officially because his doctors have ordered him to rest.

Pro-Government members of the Constituent Assembly were meanwhile meeting in Oporto to discuss future strategy following the siege of the National Assembly building by construction workers last week.

Among the items being discussed was the possibility of moving the assembly to Lisbon to the comparative security of the north to prevent the deputies being used as hostages on future occasions.

LUANDA, Nov. 16. A COMMANDER of the People's Movement for the Liberation of Angola (MPLA) yesterday denounced the assembly of the National Front for the Liberation of Angola (FNLA) takeover of Angola with South African backing.

At a four-hour Press conference backed up by detailed evidence and the display of more than a dozen White Portuguese prisoners, Commander Juju, the MPLA Chief of Staff, claimed that a South African-backed plan for the seizure of power in Southern Angola (comprising the provinces of Moçamedes, Huila, Cunene and Cuanabango) had been plotted at a meeting in South Africa in August.

He had become a plan for massive recruitment of mercenaries using South African agents as support. At the same time, Mr. Daniel Chipenda, the FNLA second in command, would organise a coup and replace Holden Roberto at the head of the movement.

The mercenary column which subsequently captured Sa Da Bandeira, Benguela and Lobito in the South was formed after the South African meeting. It was claimed. At the same time, intensive supplies of sophisticated weapons, including Panhard armoured cars and helicopters, appeared among FNLA-UNITA columns.

The plan for a southern Angola White secessionist State was dropped after Mr. Chipenda—who was expelled from the MPLA for "treachery"—apparently surfaced as a better candidate for leadership of the opposition than Holden Roberto.

Details of the plan would also explain the increased backing Chipenda has been receiving in arms for the past eight weeks or so. MPLA claims to have accumulated a substantial amount of documentary evidence to prove it and taken a dozen Portuguese involved in its preparation.

However, the MPLA forces and the FNLA-UNITA mercenary-led army have still failed to engage each other in a major new action and appear to be concentrating on re-grouping and reinforcing their positions.

The two captured Portuguese who surrendered to MPLA on the northern front near Caxito, yesterday told of South African heavy artillery experts who were assisting the FNLA forces in the North, while what the prisoners claimed were Zaire artillery experts were also active.

Continued from Page 1

**Summit**  
is now effectively staking a claim for one.

Although the six world leaders and their Foreign and Finance Ministers here have made a lightning tour of a host of issues at a private two-hour "working" breakfast Dr. Kissinger and Mr. Callaghan discussed Spain, Portugal, the Middle East and Belize—the predominant question has been the prospects for staging a recovery from the world recession without aggravating inflationary pressures.

Faced with European doubts about the strength of the U.S. recovery, Mr. Ford went out of his way to catalogue in some detail his view that the recovery was fully sustainable.

The President said U.S. real gross national product would grow another large advance in the current quarter, following the 11 per cent annual rate jump in the third quarter.

The growth would be somewhat less than the third quarter's, but real GNP was expected to grow at an average rate of 6.7 per cent throughout the middle of next year, and at 5 per cent from mid-1976 to the end of 1977.

Mr. Arthur Burns, chairman of the Federal Reserve Board, had agreed that the rate of monetary expansion over the next year would be adequate to ensure sustained recovery, he added.

Meanwhile, figures for the discount houses, published for the first time simultaneously with the banking figures, go far to explain the sudden unloading of Treasury bills onto buyers outside the market.

The figures show that in September the houses must have been invested right up to the informal limit of a 30 times multiple of their own assets, and needed to shorten their books.

This was achieved almost entirely by the sale of \$207m. of Treasury bills. This in turn eased the pressure on the assets enough to enable them to take up some \$80m. of short-term local authority paper.

Bank of England reading of

stocks once the recovery of the market from the recent rise in interest rates is consolidated.

A rise in rates invariably unsettles the market for some time, as a result the slower growth of M1, which is normally a reliable sign of tighter monetary conditions, contrasts perversely with a sharp rise in M3, as funds which would normally be invested in Government stock pile up in deposit accounts, awaiting more settled market conditions.

The official view is that the private demand for money remains subdued. There was a rise of \$160m. in bank lending to the private sector during the month, but the Bank of England comments: "These figures can fluctuate quite widely from month to month, and there is little outside evidence to suggest that the rise this month implies any change in the underlying demand."

Continued from Page 1

**Money supply**

**HOLIDAY RESORTS**

**Wales, N.W. England, Lakes, Isle of Man, N. Ireland**  
Sunny periods, scattered showers, snow on high ground. Wind N.W., fresh or strong. Max. 7C (45F).  
**Borders, Edinburgh, Dundee and Aberdeen, Central Highlands, N.E. Scotland, Orkney**  
Bright intervals and wintry showers with snow on high ground. Max. 5C (41F).  
**S.W. England, S. Wales**  
Sunny periods and scattered showers. Wind fresh or strong. Max. 7C (45F).  
**Outlook:** Cold with wintry showers at first, and rain later. Lighting-up: London 16.40, Manchester 16.41, Glasgow 16.29, Belfast 16.51.

**Weather**  
A COLD NORTHERLY airstream will cover the British Isles, and there will be showers of rain over Eastern England falling as snow over Scotland.  
London, Southern England, the Midlands, Channel Isles, Central and Northern Ireland.  
Sunny periods and isolated showers. Wind N.W., strong. Max. 7C (45F).  
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